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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL AND PERIODICALS SERVICE STANDARD CHANGES, 2021	Docket No. N2021-1

NOTICE OF DESIGNATED MATERIALS FOR UNITED STATES POSTAL SERVICE WITNESS CINTRON
(June 7, 2021)

Pursuant to the Presiding Officer's Ruling No. N2021-1/11 (May 25, 2021), the United States Postal Service hereby provides this Notice of Designated Materials for Postal Service witness Cintron. As required by the ruling, attached to this notice are: (i) the testimony of witness Cintron (with corrections highlighted); (ii) an index of library references sponsored by witness Cintron; and (iii) the designated responses of witness Cintron (with corrections highlighted) in alphabetical order by party name and by numerical order of request.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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BEFORE THE
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FIRST-CLASS MAIL AND PERIODICALS SERVICE STANDARD CHANGES, 2021	Docket No. N2021-1

DIRECT TESTIMONY OF ROBERT CINTRON ON BEHALF OF THE UNITED STATES POSTAL SERVICE

(USPS-T-1)

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AUTOBIOGRAPHICAL SKETCH

My name is Robert Cintron.

I received my bachelor's degree in organizational management from Roberts Wesleyan College. In December 2017, I received my Master of Business degree in operational excellence from Ohio State University's Fisher College of Business. I am a graduate of the Postal Service's Advanced Leadership Program, the Processing and Distribution and Management Program, and am a Certified Executive Green Belt through a Six Sigma-accredited certification program.

I am currently the Vice President for Logistics at the United States Postal Service. I have held this position since August 2020. My duties and responsibilities in this capacity include oversight of the Postal Service's Surface Logistics, Air Logistics, International Logistics, Systems Integration Support, Logistics Modeling and Analytics, Mail Transportation Equipment Service Centers, and the Headquarters National Operations Control Center. Together, these functions focus on the Postal Service's logistics capabilities and centralize research, modeling, and analytics for surface and air transportation to improve logistics planning and execution.

I began my postal career in 1986 as a clerk in Rochester, New York. Since that time, I have held a wide variety of positions, including Vice President for Product Information; District Manager, Western Pennsylvania District; senior plant manager, Northern Ohio and Western New York Districts; manager, In-Plant Support for the Northeastern Area; and plant manager in Stamford, Connecticut.

PURPOSE AND SCOPE OF TESTIMONY

The purpose of my testimony is to describe the nature of changes in services that the Postal Service proposes to implement no earlier than the fourth quarter of fiscal year 2021[1] in conjunction with its plan to amend 39 C.F.R. Part 121 to revise the current service standards for First-Class Mail and Periodicals.[2] The most significant revisions would increase the service standards for certain categories of First-Class Mail from a current one-to-three-day service standard to a one-to-five-day service standard for First-Class Mail originating and destinating within the contiguous United States. We also propose to adjust the service standards associated with the non-contiguous states and territories, including Alaska, Hawaii, Guam, American Samoa, and the U.S. Virgin Islands.[3]

These revisions will allow for significant improvements in reliability and cost-efficiency in a number of inter-related ways. First, they will allow the Postal Service to increase the volume of First-Class Mail moved by surface transportation[4], which is more cost-effective and reliable than air transportation. Second, the revisions will enable the Postal Service to improve its service capability by both (a) increasing the efficiency of

[1] All references to years in this testimony refer to Postal Service fiscal years.

[2] The Postal Service's proposed revisions to 39 C.F.R. Part 121 also include non-substantive technical revisions to rename Standard Mail as USPS Marketing Mail. Although modeling projects that 0.2 percent of Marketing Mail pieces, which consist of a small percentage of Marketing Mail that travels through the First-Class network, will see an increase in transit time, by processing this volume at the entry location and thereby avoiding increased transit time, the Postal Service expects this volume to meet existing Marketing Mail service standards. The proposed revisions further include amendments to Part 121 Appendix A tables depicting service standard day ranges.

[3] Changes to First-Class Mail service standards would also incidentally affect international mail service standards, in that First-Class Mail service standards generally apply to inbound international mail from domestic origin airports to delivery points, and for outbound international mail from origin to International Service Center. We are not proposing any service standard changes regarding packages or changes to caller service through this proceeding, nor are we proposing pricing changes for any product here.

[4] *See* Section II.B., *infra*, for a discussion of "surface transportation" in the context of this testimony.

the surface transportation network through improved routing efficiency and utilization of vehicle volume, and (b) more realistically aligning the Postal Service's First-Class Mail service standards with the Postal Service's operational capabilities in light of declining mail volumes and prior network consolidation and rationalization efforts. Third, and with respect to the adjustments to noncontiguous states and territories, adding a day to the service standards aligns with the changes to the proposed service standards for the contiguous United States and adds opportunity for the Postal Service to utilize lower-cost commercial air carriers rather than higher-cost cargo air carriers. Overall, this will result in network operations that better match current and projected mail volumes, and the Postal Service anticipates that the changes will result in cost savings and a network that is more consistent, reliable, and efficient.

My testimony also describes how the Postal Service intends to implement the proposed service standards and, equally importantly, how the Postal Service has carefully considered the impacts of the changes on all relevant stakeholders, including its customers, Postal Service personnel, air and surface transportation suppliers, and the Postal Service itself. I further discuss how the Postal Service's proposed network operations changes are consistent with the policies and requirements of Title 39 of the United States Code, the status of the Postal Service's rulemaking to revise 39 C.F.R. Part 121, and the Postal Service's decision-making process moving forward.

ASSOCIATED LIBRARY REFERENCES

I sponsor the following Library Reference that is associated with my testimony: USPS-LR-N2021-1-6 (Informed Visibility Service Performance Metrics (Enterprise Analytics) Data).

I. INTRODUCTION

The Postal Service continually seeks ways of improving its network operations efficiency, reducing costs, and maintaining the high quality of service the public expects and to which it is entitled from the Postal Service. In evaluating its current network operations and service standards for First-Class Mail and Periodicals, the Postal Service has noted its current abilities to meet existing service standards leave room for improvement. Adding up to two additional days for limited categories of First-Class Mail and Periodicals has the potential to improve the Postal Service's service capabilities, improve achievement of service standards, and reduce mail transportation costs. And adjusting service standards with respect to Alaska, Hawaii, and offshore territories will further enable the Postal Service to realize reductions in mail transportation costs and improve achievement of service standards.

A. Background

Using the process outlined in 39 U.S.C. § 3691(a), the Postal Service established its current market-dominant service standards for First-Class and Periodicals Mail in 2012, as amended, after the Network Rationalization proceeding. The service standards adopted in 2012 enabled the Postal Service to implement its Mail Processing Network Rationalization plan. Operationally, the 2012 service standards allowed the Postal Service to expand its nightly processing window, smooth out the peak volume load over more of the workday, and reduce the number of processing locations needed in the network.

Although the Postal Service's changes to service standards enabled then-necessary network rationalization, continued declines in overall mail volume, and in particular declines in the Postal Service's volume of market-dominant products like

First-Class Mail, necessitate further changes both to decrease the Postal Service's costs and to align service standards with cost-effective mail service. In developing the service standards proposed herein, the Postal Service conferred with industry representatives, the Mailer Technical Advisory Committee, and the public through a pre-filing conference. We will further solicit public comment through the Federal Register and conduct outreach to Congress and our labor unions as we plan to implement services standards that will result in more reliable, predictable, and efficient service.

1. Discussion of Current Inability to Meet Existing Service Standards

The Postal Service's existing service standards generally require First-Class Mail to be delivered in one to three days where mail originates and destinates within the contiguous United States or certain ZIP Codes in Alaska, Hawaii, and Puerto Rico. A three-day service standard likewise applies for limited categories of mail between Hawaii and Guam, Hawaii and American Samoa, and within Alaska.

With respect to Periodicals, the Postal Service applies a three-to-four-day service standard for pieces accepted before the day-zero Critical Entry Time ("CET") and merged with First-Class Mail pieces for surface transportation, with the service standard essentially equaling the sum of one day plus the applicable First-Class Mail service standard.

There is substantial room for improvement in service performance vis-à-vis the goals that the Postal Service has set for itself. The following chart lists the Postal Service's Percent-On-Time performance for Single-Piece First-Class Mail from 2012 through the fourth quarter of 2020:

Year/Quarter	Overnight	Two-Day	Three-To-Five-Day
	Percent On-Time	Percent On-Time	Percent On-Time
FY2012 Annual	96.5	94.8	92.3
FY2013 Annual	96.1	95.3	91.6
FY2014 Annual	96.0	94.9	87.7
FY2015 Annual	95.6	93.2	76.5
FY2016 Annual	N/A	94.7	83.7
FY2017 Annual	N/A	94.7	85.6
FY2018 Annual	N/A	93.8	82.5
FY2019 Annual	N/A	92.0	80.8
FY2020 Q1	N/A	91.9	78.2
FY2020 Q2	N/A	93.0	83.3
FY2020 Q3	N/A	92.4	81.4
FY2020 Q4	N/A	88.2	72.1

See Quarter IV, FY2020 Quarterly Performance for Single-Piece First-Class Mail. [5]

Although the Postal Service consistently exceeded 90 percent on-time delivery for Single-Piece First-Class Mail with an Overnight or Two-Day service standard, other than in 2020 Quarter 4, that performance was below target, and the Postal Service has fallen well below 90 percent on-time delivery for Single-Piece First-Class Mail with a three-to-five-day service standard each year from 2014 through the present. The Postal Service's 2020 Annual Target for on-time performance was 96.50 percent for Two-Day mail and 95.25 percent for Three-To-Five-Day mail.

The following chart lists the Postal Service's Percent-On-Time performance for Presort First-Class Mail from 2012 through 2020:

Year/Quarter	Overnight	Two-Day	Three-To-Five-Day
	Percent On-Time	Percent On-Time	Percent On-Time
FY2012 Annual	96.8	95.7	95.1
FY2013 Annual	97.2	97.0	95.1
FY2014 Annual	97.0	96.4	92.2
FY2015 Annual	95.7	93.6	87.8
FY2016 Annual	96.2	95.1	91.7

[5] The COVID-19 pandemic has negatively affected the Postal Service's workforce and transportation-supplier availability to different extents over time throughout the United States during much of FY2020, including significant impacts to our commercial and cargo air transportation supplier network. While these recent service standard performance figures reflect effects of COVID-19-related workforce and supplier availability issues, and the Postal Service accordingly anticipates potential performance improvements against existing service standards, the Postal Service's service performance would benefit further from the service standard changes addressed herein.

FY2017 Annual	96.5	95.6	93.2
FY2018 Annual	96.0	94.9	92.0
FY2019 Annual	95.5	94.1	92.0
FY2020 Annual	94.7	92.8	89.9

See Quarter I, FY2021 Quarterly Performance for Presort First-Class Mail. As is the case with Single-Piece First-Class Mail, the Postal Service's performance was frequently below its target performance. The Postal Service's 2020 Annual Target for on-time performance was 96.80 percent for Overnight mail, 96.50 percent for Two-Day mail and 95.25 percent for Three-To-Five-Day mail.

The following chart lists the Postal Service's Percent-On-Time performance for Periodicals from 2012 through the fourth quarter of 2020:

Year/Quarter	Percent-On-Time
FY2012 Annual	68.7
FY2013 Annual	82.0
FY2014 Annual	80.9
FY2015 Annual	77.7
FY2016 Annual	80.1
FY2017 Annual	85.6
FY2018 Annual	85.6
FY2019 Annual	85.7
FY2020 Q1	84.8
FY2020 Q2	87.0
FY2020 Q3	76.9
FY2020 Q4	74.3

See Quarter IV, FY2020 Quarterly Performance for Periodical Mail. This performance has been consistently well below target. The Postal Service's FY2020 Annual Target for on-time performance for Periodicals was 91.8 percent.

Notably, as discussed in the U.S. Postal Service FY2020 Annual Report to Congress, its 2020 target on-time delivery performance composite for First-Class Mail Letters and Flats was 96.0 percent, and for USPS Marketing Mail and Periodicals, 91.80 percent. The Postal Service has not met these targets.

2. Potential Improvements in Service Capability and Improved Achievement of Service Standards

The Postal Service's regulations pertaining to the current three-day service standard for First-Class Mail do not account for transit time within the contiguous United States between origin Processing & Distribution Centers or Facilities ("P&DC/Fs"), Area Distribution Centers ("ADCs"), and Sectional Center Facilities ("SCFs"). In order to meet these service standards, a significant quantity of First-Class Mail must be transported within the contiguous United States by air, rather than more cost-effectively by surface transportation.

The Postal Service's historical service performance measurements indicate that volume transported via surface modes has better on-time performance than volume transported by air. As set forth below, surface transportation has provided better reliability than air transportation in recent years:[6]

Time Period	Percent on Time	
	Air	Surface
FY19 Q1	85.82%	89.06%
FY19 Q2	88.00%	91.13%
FY19 Q3	91.50%	94.00%
FY19 Q4	92.40%	94.27%
FY19	89.40%	92.02%
FY20 Q1	88.66%	90.95%
FY20 Q2	90.64%	93.05%
FY20 Q3	87.90%	92.20%
FY20 Q4	83.01%	86.85%
FY20	87.72%	90.85%
FY21 Q1	76.87%	78.80%
FY21 Q2	74.00%	79.40%
FY21 Q3TD	81.17%	88.81%

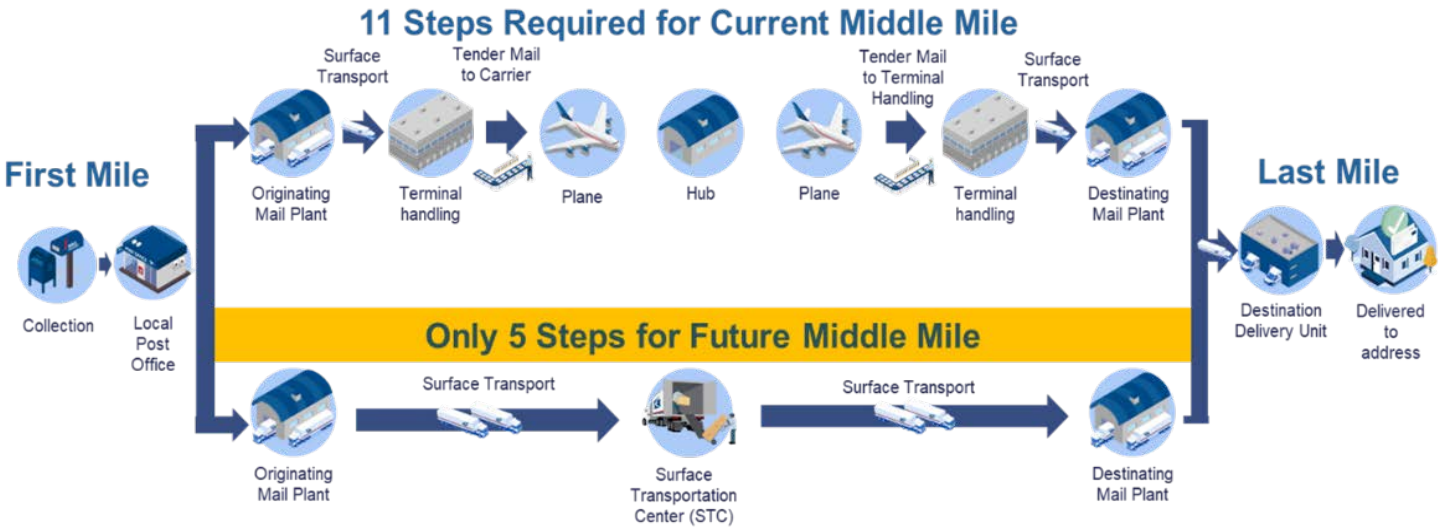
[6] *See* USPS-LR-N2021-1-6 (Informed Visibility Service Performance Metrics (Enterprise Analytics) Data)

A number of factors contribute to the better performance reliability of surface transportation over air transportation. For example, air carriers' flight schedules can be volatile and subject to last minute changes based upon weather delays, network congestion, and air traffic control ground stops. Delays and schedule alterations occur less frequently with surface transportation, improving its overall on-time reliability.

The Postal Service does not anticipate that shifting volume from air to surface would negatively affect surface transportation reliability. While some surface transportation schedule changes would be necessary, current average utilization of surface transportation capacity is 42 percent. That is to say, the surface transportation network has ample existing capacity to absorb volume from air transportation and shifting volume from air to surface would not introduce factors to surface transportation, like weather delays and ground stops, that have negatively affected air transportation reliability. Moreover, through improved surface transportation capacity utilization and consolidation, we expect to require fewer surface transportation trips over a given period than we currently require.[7]

[7] As a result, we do not anticipate increased challenges with respect to driver shortages/availability or motor vehicle accidents.

By moving First-Class Mail from air to surface, the Postal Service will also be able to reduce the total number of touch points for each mail piece, which mitigates opportunities for delay and, therefore, improves service reliability:



Accordingly, the Postal Service believes that transporting a greater volume of mail by surface transportation, where feasible within service standards, will improve on-time performance.[8] Increasing First-Class Mail service standards by one and, in some cases, two days, will therefore serve multiple purposes: enabling the Postal Service to transport a greater volume of mail within the contiguous United States by surface transportation rather than by air transportation; enabling the Postal Service to better meet the revised service standards; and reducing cost to the Postal Service by favoring the less expensive surface transportation modes.

[8] The Postal Service is not seeking an advisory opinion with respect to service performance targets through this proceeding, and our service standards do not, themselves, specify performance targets. That being said, we expect to set service performance targets at 95 percent once the new service standards are in place, and we expect to meet or exceed them consistently upon implementation of our proposed service standard changes during all times of the year.

3. Potential Reductions in Mail Transportation Costs Outside the Contiguous United States

In addition to achieving cost reductions by moving First-Class Mail within the contiguous United States from air to surface transportation, the Postal Service can further reduce its mail transportation costs for transportation by air to and from Alaska, Hawaii, and the territories through a service standard change for these categories of First-Class Mail. The Postal Service anticipates that a service standard change would enable it to reduce air transportation costs by adding flight schedule flexibility that does not exist with the current service standards and operating plan. In order to meet current service standards, the Postal Service must frequently transport mail to and from Alaska, Hawaii, and the offshore territories using more expensive air cargo transportation carriers, rather than less expensive commercial air carriers, because commercial air carriers' flight schedules frequently would not permit the Postal Service to achieve its current service standards.

B. Overview of Existing and Planned Changes to Service Standards

As set forth in greater detail below, the Postal Service proposes to increase service standards for delivery of certain First-Class Mail and Periodicals within the United States and territories by one to two days. The changed service standards will result in nearly system-wide changes in mail transportation. [9]

[9] Because service standards for both Periodicals and International Mail are tied to First-Class Mail service standards, the proposed changes to First-Class Mail service standards would consequentially affect Periodical and International Mail service standards. With respect to Periodicals, however, we anticipate that 93 percent of Periodical volume will not be impacted by the proposed service standard changes.

1. Existing Service Standards

Service standards are comprised of two components: (1) a delivery day range within which mail in a given product is expected to be delivered;[10] and (2) business rules that determine, within a product's applicable day range, the specific number of delivery days after acceptance of a mail piece by which a customer can expect that piece to be delivered, based on the 3-Digit ZIP Code prefixes associated with the piece's point of entry into the mail-stream and its delivery address.

Business rules are based on CETs. The CET is the latest time on a particular day that a mail-piece can be entered into the postal network and still have its service standard calculated based on that day (this day is termed "day-zero"). In other words, if a piece is entered before the CET, its service standard is calculated from the day of entry, whereas if it is entered after the CET, its service standard is calculated from the following day.[11] For example, if the applicable CET is 5:00 p.m., and a letter is entered at 4:00 p.m. on a Tuesday, its service standard will be calculated from Tuesday, whereas if the letter is entered at 6:00 p.m. on a Tuesday, its service standard will be calculated from Wednesday. CETs are not contained in 39 C.F.R. Part 121 because they vary based on where mail is entered, the mail's level of preparation, and other factors.

Currently, a one-day (overnight) service standard is applied to intra- SCF domestic Presort First-Class Mail pieces properly accepted at the SCF before the day-

[10] There are separate delivery day ranges for mail within the contiguous 48 states and mail that originates or destinates outside the contiguous 48 states.

[11] If the following day is a Sunday or holiday, then the service standard is calculated from the next Postal Service delivery day.

zero CET. A two-day service standard is applied to intra-SCF single piece domestic First-Class Mail properly accepted before the day-zero CET, as well as to inter-SCF domestic First-Class Mail pieces properly accepted before the day-zero CET if the drive time between the origin P&DC/F and destination SCF is 6 hours or less. A three-day service standard is applied to inter-SCF domestic First-Class Mail pieces properly accepted before the day-zero CET if the drive time between the origin P&DC/F and destination SCF is more than 6 hours and the origin and the destination are within the contiguous 48 states. A three-day service standard is also applied to instances involving states and U.S. territories outside the contiguous 48 states where:

1. The origin is in the contiguous 48 states, and the destination is in any of the following: Anchorage, Alaska (5-digit ZIP Codes 99501 through 99539); the 968 3-digit ZIP Code area in Hawaii; or the 006, 007, or 009 3-digit ZIP Code areas in Puerto Rico;
2. The origin is in the 006, 007, or 009 3-digit ZIP Code areas in Puerto Rico, and the destination is in the contiguous 48 states;
3. The origin is in Hawaii, and the destination is in Guam, or vice versa;
4. The origin is in Hawaii, and the destination is in American Samoa, or vice versa; or
5. Both the origin and destination are within Alaska.

A four-day service standard is applied where:

1. The origin is in the contiguous 48 states and the destination is in any of the following: any portion of Alaska other than Anchorage (5-digit ZIP

Codes 99501 through 99539); any portion of Hawaii other than the 968 3-digit ZIP Code area; or the U.S. Virgin Islands;

2. The destination is in the contiguous 48 states and the origin is in Alaska, Hawaii, or the U.S. Virgin Islands; or

3. The origin and destination are in different non-contiguous states or territories, excluding mail to and from Guam and mail between Puerto Rico and the U.S. Virgin Islands.

A five-day service standard is applied to all remaining domestic First-Class Mail pieces properly accepted before the day-zero CET.

Under current standards, end-to-end Periodicals have a three to four-day service standard applied to Periodical pieces properly accepted before the day-zero CET and merged with First-Class Mail pieces for surface transportation, with the standard specifically equaling the sum of one day plus the applicable First-Class Mail service standard (*i.e.*, either two or three days, depending on whether the drive time is more than 6 hours).

2. **Proposed Changes to Existing Service Standards**

The changes to service standards proposed at this time would not alter the current standards for a substantial amount of intra-SCF First-Class Mail. Therefore, those standards would remain as the one-day (overnight) service standard applied to intra-SCF domestic Presort First-Class Mail and the two-day service standard applied to intra-SCF Single-Piece First-Class Mail properly prepared and accepted before the day-zero CET, provided that the combined drive time between the origin P&DC/F and destination ADC and SCR is less than 3 hours.

The two-day service standard that is applied to inter-SCF domestic First-Class Mail pieces would be limited to where the drive time between the origin P&DC/F, destination ADC, and destination SCF is 3 hours or less, rather than 6 hours or less. The three-day service standard that is applied to domestic First-Class Mail pieces where the origin and the destination are within the contiguous 48 states would be limited to where the drive time between the origin P&DC/F, destination ADC, and destination SCF is between 3 hours and 20 hours. A four-day service standard would be applied to domestic First-Class Mail pieces where

1. The combined drive time between the origin P&DC/F, destination ADC, and destination SCF is 41 hours or less, and both the origin and the destination are within the contiguous 48 states;
2. The origin is in the contiguous 48 states, and the destination is in any of the following: the city of Anchorage, Alaska (5-digit ZIP Codes 99501 through 99539); the 968 3-digit ZIP Code area in Hawaii; or the 006, 007, or 009 3-digit ZIP Code areas in Puerto Rico;
3. The origin is in the 006, 007, or 009 3-digit ZIP Code areas in Puerto Rico, and the destination is in the contiguous 48 states;
4. The origin is in Hawaii, and the destination is in Guam, or vice versa;
5. The origin is in Hawaii, and the destination is in American Samoa, or vice versa; or
6. Both the origin and destination are within Alaska.

A five-day service standard would be applied to all other domestic First-Class Mail pieces, meaning those pieces where

1. The origin and the destination are within the contiguous 48 states and the drive time between the origin P&DC/F, destination ADC, and destination SCF exceeds 41 hours;
2. The origin is in the contiguous 48 states and the destination is in any of the following: any portion of Alaska other than Anchorage (5-digit ZIP Codes 99501 through 99539); any portion of Hawaii other than the 968 3-digit ZIP Code area; or the U.S. Virgin Islands;
3. The destination is in the contiguous 48 states and the origin is in Alaska, Hawaii, or the U.S. Virgin Islands; or
4. The origin and destination are in different non-contiguous states or territories, excluding mail to and from Guam and mail between Puerto Rico and the U.S. Virgin Islands.

Finally, for end-to-end Periodicals, because of the changes to First-Class Mail standards, the current three-to-four-day service standard that is applied to Periodicals pieces merged with First-Class Mail pieces for surface transportation would be changed to a three-to-six-day standard, still based on the sum of one day plus the applicable First-Class Mail service standard (which would have changed to two, three, four, or five days, depending on the drive time).[12]

[12] At the pre-filing conference, a question was raised regarding Election Mail. None of the changes we are proposing are specific to Election Mail. This service standard change is intended to improve reliability and consistency overall, and those benefits will extend to Election Mail. Based on data collected during the last federal election cycle, less than 4 percent of Election Mail would potentially be impacted by the change in service standards. While we believe any impact will be minimal, as we implement, we will continue to work with local election officials to help them understand any impacts and plan accordingly.

II. MAINTENANCE OF CURRENT NETWORK OPERATIONS AND SERVICE STANDARDS MAKES IT VERY DIFFICULT TO MEET PERFORMANCE TARGETS AND PREVENTS POSTAL SERVICE'S REALIZATION OF OPERATIONAL AND COST EFFICIENCIES

Current First-Class Mail service standards account for surface transit times with respect to one-day and two-day service standards, but not for service standards of three or more days. The one-day service standard applies to Intra-SCF Presort First-Class Mail. The current two-day service standard is determined based upon transit time between the origin P&DC/F and the destination SCF. Specifically, the two-day service standard applies when the transit time is 6 hours or less. 39 C.F.R. § 121.1(b)(2). And the three-day service standard applies to all other First-Class Mail pieces where the origin and destination are within the contiguous United States, no matter how long the distance between the two. *Id.* § 121.1(c). In practice, the two-day service standard has proven to be impracticable, and the three-day service standard is achievable in theory only by forcing the Postal Service to prioritize air transportation, which is both more costly and less reliable than surface transportation. The end result is that the Postal Service is incapable of meeting its service performance targets, and hence providing reliable and consistent service, under the current standards.

More particularly, when the Postal Service established the current two-day service standard – that is, the standard applicable to mail that can be transported by surface transportation from origin P&DC/F to destination SCF within 6 hours – it assumed that P&DCs were able to dispatch Day 1 mail at 2:00 a.m., such that it would arrive at the destination by the 8:00 a.m. CET. Achieving this standard requires the Postal Service to employ substantial point-to-point two-day transportation for, at times, very low volume. Shortly after the 2012 Network Rationalization, the Postal Service

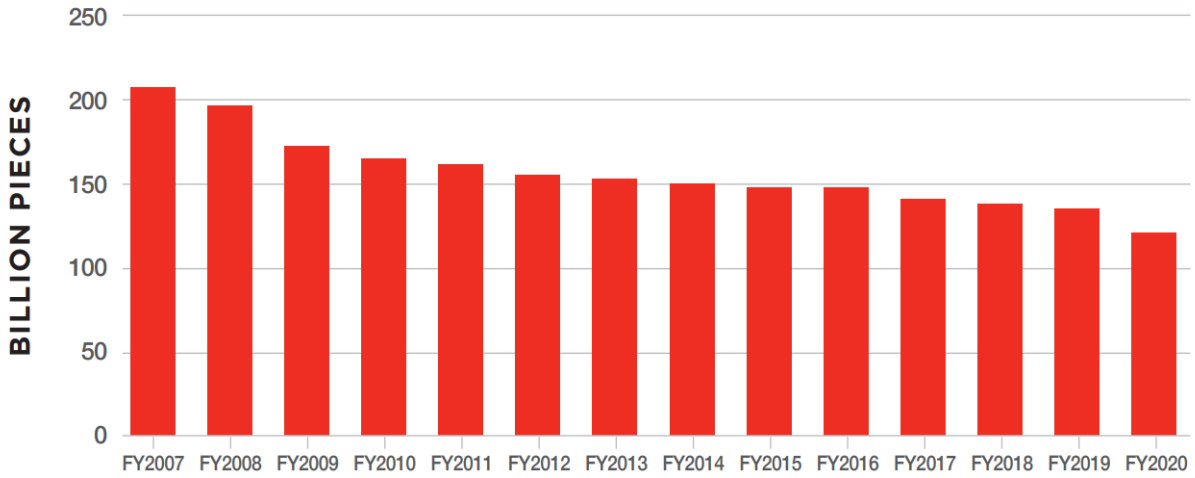
relaxed the CET somewhat to allow for multi-stop routings, or transfers through hubs to help mitigate costly underutilization of surface transportation resources and reduce frequent point-to-point trips that were necessary to meet the 8:00 a.m. CET. Relaxing the CET at destination would occasionally negatively impact the destination sites' ability to adhere to the established operating plan; overall, however, this change also allowed additional time for processing, clearance, and dispatching and was intended not only to reduce costs but also to improve service capability. Reducing the transit time from origin P&DC/F to destination ADC and SCF to 3 hours will better enable the Postal Service to meet the 8:00 a.m. CET and reduce the occasional negative impacts on destination sites' ability to adhere to the established operating plan.

Similarly, mail volume with a three-day service standard must arrive at the destination ADC/SCF by 8:00 a.m. on Day 2. Assuming that mail departs from its origin at 4:00 a.m. on Day 1, this permits the Postal Service to use surface modes of transportation only where the transit distance is approximately 1,300 miles or less (assuming an average transit speed of 46.5 miles per hour). Origin and destination points that are either beyond this range or, for other reasons, cannot be reached by the Day 2 CET, are routed via the air network. As noted above, utilization of the air network is both more costly and less reliable than surface transportation.

A. Current and Projected Declines in Mail Volume and Revenue Require the Postal Service to Adapt Its Network Operations

Current and projected declines in First-Class Mail volume (and volume trends with respect to other market-dominant and competitive mail products) require the Postal Service to adapt its network operations in order to achieve logistical and cost efficiencies and improve service reliability.

The Postal Service has observed two volume trends which complicate current network operations. First-Class Mail volume has steadily declined at a rate of approximately 3 to 4 percent annually over the past several years.[13] More recently, the rate of decline of First-Class Mail volume has increased during the ongoing COVID-19 pandemic, with volume in Quarters 3 and 4 of 2020 at levels 9.2 percent and 5.7 percent below the respective corresponding quarters of 2019.[14] The decline in total mail volume from 2007 to 2020 is shown in the following chart:



These changing volumes, combined with current service standard requirements, together hamper the Postal Service's ability to move mail volume cost-effectively. On certain surface transportation lanes, the Postal Service may be moving only First-Class Mail letters and flats. Where the Postal Service has redundant lanes, decreases in First-Class-Mail letter and flat volume may justify eliminating trips. However, where the Postal Service has only one trip in place on a given lane, current service standards may

[13] *See* Direct Testimony of Curtis C. Whiteman on Behalf of the United States Postal Service (USPS-T-2), PRC Docket No. N2021-1 (April 21, 2021), at 3 (Table 1).

[14] *Id.* at 4.

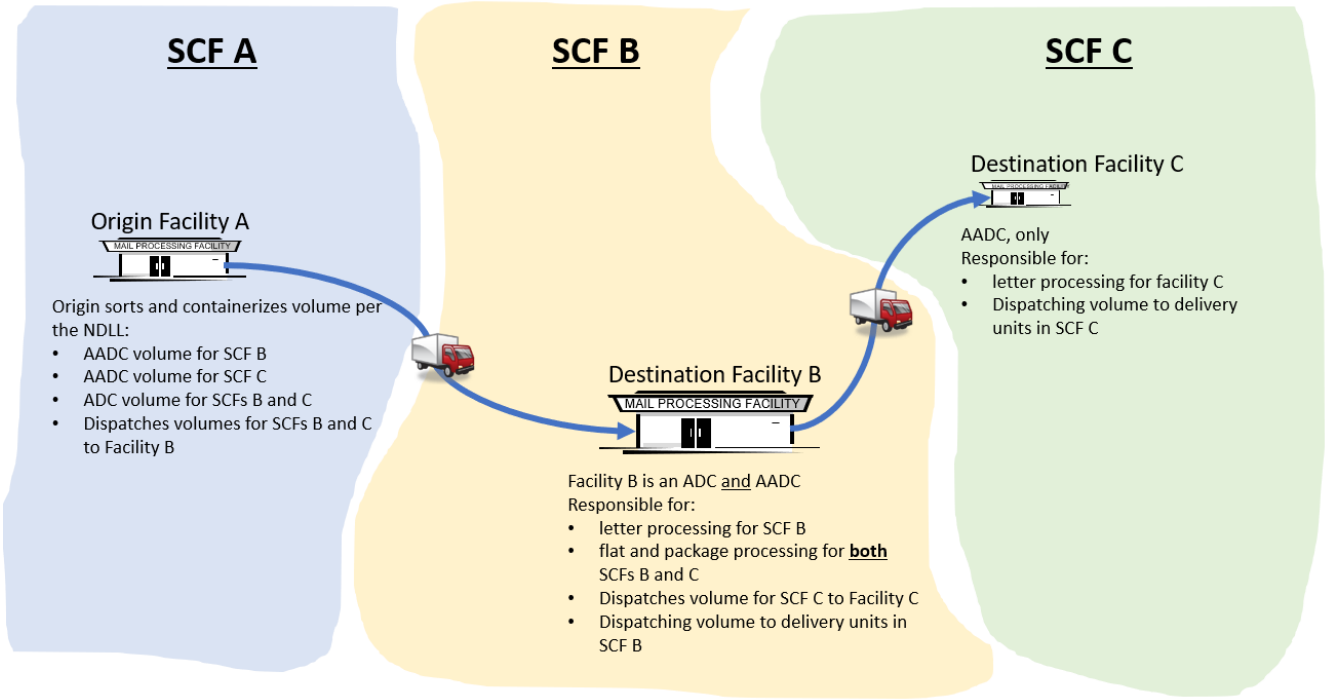
require the Postal Service to run the trip even with substantially decreased volumes. Thus, where current service standards do not permit the Postal Service to delay a trip to increase its volume, or route volumes via a hub and spoke network to improve utilization, ongoing volume declines result in ever greater per-piece costs on those lanes.

More complex still is the situation when the Postal Service must move both mail and packages on the same trip. The Postal Service must take into consideration both the increasing volume of packages and decreases in letter and flat volume. In some cases, the Postal Service is able to reduce trips in lanes where network redundancies exist. Overall, the network is fluid and must be adjusted on a continual basis to address these fluctuations. However, the decreasing volume of First-Class Mail letters and flats, current service standards, and the cost differential between surface and air modes contribute to higher per-piece costs.

B. Current Mail Transportation Logistics Overview

The Postal Service has several types of processing and distributions centers. Area Distribution Centers ("ADCs") are typically the larger facilities that handle the processing and distribution of letters, flats, and packages. Internally, all origin facilities must sort flats and packages to the ADC separations as defined in the National Distribution Labeling List ("NDLL"). Automated Area Distribution Centers ("AADCs") are facilities categorized as having automated letter processing, and the minimum separations required for an origin facility to make for AADCs are also defined in the NDLL under the AADC list. Sectional Center Facilities ("SCFs") are the destination processing facilities that have a distinct area of responsibility for processing and finalizing volumes for dispatch to delivery units within that area. SCFs are typically

AADCs, and not all AADCs are ADCs. ADCs can have subordinate AADCs and SCFs. For internal surface routing purposes, origin facilities will typically route to the parent ADCs, and local transportation from the ADCs will transfer volumes shorter distances to the downstream AADCs/SCFs. Under the present business rules, there are cases where the SCF is closer to origin facilities and have a 2-day service standard while the parent ADC is beyond the 6-hour drive time and therefore 3-day. In these situations, to meet the service commitments to the subordinate SCF, the origin facility must make a separation for the SCF's volume and in some cases plan specific transportation to the SCF to meet the service commitments.



The Postal Service currently employs two primary modes of transportation for the delivery of mail and packages: air and surface transportation. In this context, "surface transportation" refers primarily to transportation by trucks of various dimensions and automobiles. In very isolated cases, mail is also transported by barge, hovercraft,

snowcat, rail, and mule. Mail and packages transported by air are primarily flown by either cargo or commercial passenger air carriers and, in some cases, contracted or chartered carriers.[15]

The Postal Service divides surface transportation, in general, into two types of service: local and network.

Local surface transportation refers to the transportation of mail and packages between delivery units, mailers, and business mail entry units (collectively, "acceptance sites"), on the one hand, and P&DC/Fs on the other. More particularly, under the rubric of local surface transportation, in the afternoon, postal employees or contractors collect mail and packages from acceptance sites and transport them to processing facilities, where the items will be further sorted for delivery or transportation to a subsequent processing facility. In the morning, postal employees or contractors transport destinating mail and packages, which were sorted at the processing facility overnight, to local delivery units. The Postal Service effects local transportation of mail and packages through the services of both postal employees, *i.e.*, the Postal Vehicle Service ("PVS"), and Highway Contract Route ("HCR") suppliers.[16]

"Network surface transportation" refers to mail that is transported between processing facilities, such as SCFs, ADCs, and P&DC/Fs. Mail that does not both originate and destinate within the geographic area of an SCF must be further transported to downstream processing facilities for further sortation, transportation, and

[15] Transportation of mail by air between points within Alaska is effected by a regulated equitable distribution of volume among qualified carriers, which serve primarily or exclusively the Alaska market. *See* 39 U.S.C. § 5402(g). Such transportation is not the subject of this testimony.

[16] Certain HCR suppliers who primarily transport mail between processing facilities occasionally also transport mail to individual delivery units located along a processing-facility-to-processing-facility route.

delivery. The Postal Service enters contracts with HCR suppliers to perform the vast majority of these trips.

As noted above, the Postal Service provides surface transportation using either postal employees (PVS) or HCR suppliers. In general, the Postal Service employs PVS only for local surface transportation. In a few instances, however, PVS may provide network surface transportation between plants close to employees' home facilities. HCR suppliers provide the bulk of network surface transportation. The Local Distribution Transportation ("LDT") Transportation Services Group manages the Postal Service's LDT contracts in Largo, Maryland. Longer-haul transportation contracts, *i.e.*, Process Network Transportation ("PNT") contracts, are managed by the PNT Transportation Group in Memphis, Tennessee.[17]

Costs for local surface transportation currently average $2.55 per mile, and typically range from $1.70 per mile to as much as $2.90 per mile. The cost of network surface transportation currently averages approximately $2.20 per mile, and ranges from $1.90 per mile to over $3.00 per mile.[18] Network surface transportation is typically more cost-efficient than local surface transportation due to a number of factors, including the ratio of time spent loading and unloading vehicles vs. their time actually in transit, and the greater amount of time in a day during which network surface

[17] Contract Delivery Service contracts for last-mile delivery, typically on rural routes, although performed by HCR contracts, are not at issue here.

[18] These costs are used to compare the cost effectiveness of different modes in the model; they are not used to calculate the overall cost savings in the Whiteman Testimony (USPS-T-2).

transportation assets, *e.g.* trucks, are utilized vs. idle when compared to local surface transportation assets.[19]

Two main criteria determine whether the Postal Service transports mail by air or by surface: time and cost. The first consideration, time, refers to whether the Postal Service can physically transport mail from one point to another in time to meet applicable service standards and operational plans. If it is possible to transport mail by surface transportation and if the volume of mail warrants it, then the Postal Service employs surface transportation modes. If the volume of mail and packages on a particular lane is insufficient to justify the cost of surface transportation, or if surface transportation is too time-consuming to permit the Postal Service to meet applicable service standards, then the Postal Service transports that volume by air.

First-Class Mail must fly between the contiguous 48 states and Alaska, Hawaii, and the offshore territories to meet the current service standards. Three to five-day volumes must arrive before the CET at the destination processing center, typically by 8:00 a.m., Day-2, to meet the operating plan for processing and transfer to downstream territories and/or processing centers for final processing and delivery. Currently, commercial air-carrier ("CAIR") options are limited due to the Required Delivery Time (RDT) established to meet the operating plan and the current schedules and capacity of the flights in those lanes. This requires the Postal Service to move the majority of the volume on a cargo carrier, and cargo carriers tend to be more expensive than passenger air carriers.

[19] Occasionally, the Postal Service enters into emergency transportation contracts, the cost of which can exceed the amounts stated herein. Such emergency transportation contracts are not, themselves, significant cost drivers.

Adding a day to the current service standards applied to offshore volumes will allow the Postal Service to utilize lower cost carriers, save transportation costs, efficiently route mail through transfer points, and be better situated to meet our service performance targets.

III. THE POSTAL SERVICE INTENDS TO IMPLEMENT TRANSPORTATION NETWORK CHANGES TO RESPOND TO CURRENT AND PROJECTED DECLINES IN MAIL VOLUME AND REVENUE

Current and projected declines in letter and flat mail volume and revenue, which are primary drivers of the Postal Service's overall revenue, require that the Postal Service implement transportation network changes to maintain efficient and cost-effective service. In this section, I discuss more specifically the Postal Service's proposed transportation network changes, mail processing changes, and service standards, as well as their effects on Postal operations.

A. Proposed Transportation Network Changes and Benefits

The Postal Service's proposed changes to First-Class Mail and Periodicals service standards will enable the Postal Service to implement cost-saving and efficiency-improving transportation network changes. Such changes will help the Postal Service achieve a better balance of cost effectiveness and reliability by moving more volume by surface transportation. Further, they will enable the Postal Service to more efficiently utilize surface transportation. They may also eventually enable the Postal Service to more effectively consider modes of surface transportation, such as rail, that are arguably underutilized.[20]

[20] *See generally* U.S. Postal Serv., RARC-WP-12-013, Strategic Advantages of Moving Mail by Rail (July 16, 2012).

With respect to a two-day service standard, if the Postal Service reduces the origin-to-destination drive time to 3 hours for First-Class Mail and Periodicals it will reduce the geographic reach of two-day origin-destination pairs. This will help to ensure the mail arrival profile supports successful operating plan compliance at the point of destination, and reduce dedicated, inefficient surface transportation.

Similarly, expanding the available time in the transit window for three-day volume opens opportunity to route volumes more efficiently. Currently, the three-day service standard applies to all First-Class Mail with an origin and destination within the contiguous United States if a shorter service standard does not apply. In practice, to meet this standard, the Postal Service currently transports most mail by surface transportation where the transit window is 28 hours or less. The Postal Service proposes to modify the three-day service standard to apply only to volume that the Postal Service can transport via surface transportation from origin P&DC/F to destination SCF within 20 hours, including any transfer times from the ADC. This change would add sufficient time to allow for efficiency-increasing measures, such as (a) increasing the use of transfers via aggregation sites and surface transfer centers ("STCs"), (b) combining trailer loads for one destination with loads for other destinations (load sequencing), or (c) routing "multi-stop" lanes where the Postal Service could pick up volume from multiple origins along the line of travel for final destination.

Adding a four-day service standard for mail originating and destinating within the 48 contiguous states with a surface transit time from P&DC/F to Destination ADC and SCF of 41 hours or less would have similar efficiency-increasing effects. In addition to the added available time in the transit windows between origin and destination pairs

within the current three-day network, adding an additional day also significantly extends the surface transportation reach capability and allows for more efficient surface routings and capacity utilization. Finally, adding a five-day service standard within the 48 contiguous states will allow the Postal Service to shift additional volume from the more costly air transportation network to the more economical surface transportation network with routing capacity utilization benefits as well.

Beyond the potential cost savings from shifting volume from air to surface and enhancing the efficiency of the surface network, the proposed addition of one or two days to current service standards will help to ensure that all mail volumes are properly loaded onto designated transportation within the time constraints of the operating plan. Early dispatches, which are frequently necessary to achieve current service standards, risk departing from origin points without all committed volumes, leading to operational plan failures and missed service standard targets.

Moreover, adding a day to the First-Class Mail service standards currently applied to offshore volumes will allow the Postal Service to utilize lower-cost commercial air carrier providers, rather than cargo air carriers, while meeting our service performance targets.

Finally, after extending service standards by one or two days within the contiguous United States, the Postal Service will establish an expanded surface network for First-Class letters and flats, capable of reaching coast to coast. This expanded FCM network will provide the opportunity to consolidate with the Network Distribution Center (NDC) surface network. The NDC network is currently dedicated to transporting end-to-end Marketing Mail, Periodicals and package service products from

P&DC to NDC, NDC to NDC, and NDC to P&DC. Merging these two parallel networks will take advantage of shared space, improve network utilization, and reduce mileage and trips. The shared network would facilitate changes needed to modernize the letter, flat, and package network. Current letter and flat responsibilities would shift from the NDCs to the P&DCs, shifting to a consolidated shape-based sort, and allow expansion and improvement of the NDCs' core function – package sortation. This concept is expected to reduce handlings, improve efficiencies in the processing centers and network, optimize letter and flat processing for predictable, reliable operations and enable the organization to better handle the growth in package volumes.

B. Proposed Mail Processing Changes

The network transportation changes discussed above would require some modifications to the Postal Service's mail processing operations. The Postal Service does not anticipate that the necessary mail processing changes, themselves, would materially affect cost or revenue.

The Postal Service expects a reduction in workload within its air transportation assignment operations. In larger postal facilities, air transportation assignments are performed within dispatching operations in conjunction with tray sortation. Shifting volume from air transportation to surface transportation would still require the Postal Service to appropriately sort mail trays for dispatch, but instead of needing to weigh, scan, and assign individual trays to an air carrier, the Postal Service could directly containerize trays into working STC-containers or direct containers where volume warrants.

Volumes that the Postal Service previously transferred to airports, typically between 12:00 a.m. and 3:00 a.m. on Day-1 would instead depart later on the same day

via network surface transportation. The Postal Service anticipates that this could potentially require a shift of dock operation resources to a later window. Although not specifically modelled, based on my personal knowledge and experience, I do not believe that these mail processing changes would, themselves, materially affect cost, revenue, or service standard capability, maintenance operations, or utilization of Postal Service human resources other than a shift of dock operations referenced above.

The Postal Service anticipates that implementing the proposed changes would allow a significant reduction in the use of domestic commercial air transportation for First-Class Mail volume. Currently, approximately 21 percent of FCM letters and flats volume travels via air transportation. The Postal Service estimates that these proposed changes would enable it to reduce this to approximately 12 percent of total volume.

The reduction in air transportation will lead to an increase in the volume moved by surface transportation. While this may appear to result in increased surface miles travelled, increased efficiency will more than offset a theoretical need for increased miles. The proposed changes will give the Postal Service more flexibility to route mail more efficiently, and to maximize the use of space on each trip. As such, the Postal Service anticipates a decrease in miles traveled by surface transportation contractors.

IV. THE POSTAL SERVICE HAS CAREFULLY CONSIDERED IMPACTS OF THE PROPOSED CHANGES TO RELEVANT STAKEHOLDERS AND MEASURES TO MITIGATE THOSE IMPACTS

A. Impact on Customers and Mitigation Measures

The proposed changes would impact retail customers by, in some instances, increasing the amount of time it would take to deliver a piece to a recipient. Therefore, for mail that must be received by a certain date, the mailer would sometimes have to enter the mail into the system sooner than under the previous standards. In order to

mitigate any harm from this change, the Postal Service will work to inform retail customers about the service changes, so that they can set appropriate expectations for delivery times. This is discussed in the testimony of witness Monteith.

The proposed service changes would have no impact on overnight and destination entry volume, as their standards would not be changed. Thirty-four percent of remittance volume may be impacted by a downgrade in service, and such downgrade will reflect realignment of remittance mail processing and transportation with all other First-Class Mail processing and transportation.[21] The Postal Service will mitigate any resulting confusion by explaining these changes and their potential impacts to its customers. This is discussed in the testimony of witness Monteith.

We recognize that some customers may need to adjust their internal processes to account for the changed service standards. In order to mitigate the impact of the changes on business customers' need to make mailing process changes, the Postal Service will work to provide industry with timely information regarding the service standard changes, including information regarding affected ZIP Code pairs so as to allow orderly process adjustments. Moreover, business customers' destination-entry presort mail will remain unaffected by the proposed service standard changes, and all mail will benefit from improved reliability and predictability.

[21] The Postal Service presently prioritizes remittance mail such that certain remittance mail volume is delivered more quickly than is required under current First-Class Mail service standards. The Postal Service intends, going forward, to transport remittance volumes together with all other First-Class Mail.

B. Impact on Postal Service Workforce

These changes will not directly impact the Postal Service's workforce. As noted above, mail assignment operations will be adjusted, and the expected increases in efficiency from consolidating more pieces into the same number of vehicles, due to the reduction in separate trips to connect to air transportation, may lead to some decrease in hours worked to move a given volume of mail. Although not specifically modeled, this efficiency increase could potentially enable the Postal Service to reduce overtime hours required to meet service standards but is not anticipated to lead to a reduction in workforce size.

C. Impact on Commercial Air and Surface Transportation Suppliers and Mitigation Measures

The Postal Service anticipates that the proposed changes would reduce the volume of First-Class Mail carried by air contractors within the contiguous United States and cargo air contractors between and among the contiguous United States, Alaska, Hawaii, and overseas territories for the transportation of First-Class Mail, while increasing the use of surface transportation suppliers. Because the Postal Service anticipates cost savings as a result of these changes, there will likely be fewer total expenses related to contracted transportation of mail. The Postal Service will work with its contractors to ensure that changes are communicated effectively and that negative impacts on suppliers from abrupt changes are minimized.

D. Impact on Postal Service Contribution

As noted in the testimony of Steven Monteith,[22] the Postal Service anticipates that the proposed service standard changes will result in a reduction in contribution attributable to First-Class Mail of $105.6 million, and negligible impacts on contribution attributable to Periodicals. As the primary driver of First-Class Mail revenue loss is electronic diversion, this initiative will balance those effects by reducing costs and improving transportation efficiency, and by enhancing service reliability.[23]

V. THE POSTAL SERVICE'S PROPOSED NETWORK OPERATIONS CHANGES ARE CONSISTENT WITH THE POLICIES AND REQUIREMENTS OF TITLE 39, UNITED STATES CODE

The Postal Service has designed its proposed service standard changes with certain intended objectives. In particular, the Postal Service seeks to enhance the value of postal services to both senders and recipients; to preserve regular and effective access to postal services in all communities, including those in rural areas or where post offices are not self-sustaining; and to reasonably assure Postal Service customers delivery reliability, speed and frequency consistent with reasonable rates and best business practices.

In considering the proposed revisions to its service standards, the Postal Service has taken into account all necessary and appropriate factors. Importantly, it will ensure the continued provision of prompt, reliable, and efficient services. More specifically, these factors also include:

[22] *See* Direct Testimony of Steven W. Monteith on Behalf of the United States Postal Service (USPS-T-4), PRC Docket No. N2021-1 (April 21, 2021), at 6 (Table 1).

[23] *Id.* at 3.

(1) the actual level of service that Postal Service customers receive under any service guidelines previously established by the Postal Service or service standards established under this section;

(2) the degree of customer satisfaction with Postal Service performance in the acceptance, processing and delivery of mail;

(3) the needs of Postal Service customers, including those with physical impairments;

(4) mail volume and revenues projected for future years;

(5) the projected growth in the number of addresses the Postal Service will be required to serve in future years;

(6) the current and projected future cost of serving Postal Service customers; and

(7) the effect of changes in technology, demographics, and population distribution on the efficient and reliable operation of the postal delivery system, as well as other policies that Congress has established.

A. These Changes More Responsibly and Efficiently Align Service Standards, Transportation Costs, Projected Mail Volumes/Revenue, and Actual Performance to Ensure Continued Provision of Adequately Prompt and Reliable Universal Service

In order to fulfill its mission into the future for the American public, the Postal Service must ensure that its operations and finances are managed responsibly and efficiently. If the Postal Service cannot sustain itself financially, then it also cannot continue to provide adequately prompt and reliable universal service to the country. The proposed changes in service are intended to ensure sustainability and therefore continued universal service. They are the product of close analysis of the Postal Service's projected costs, volumes, and revenues, taking into account the changing mix

and magnitude of the mails. Critically, the Postal Service has identified greater cost and service efficiencies through enhanced use of surface transportation options. Its service standards need to be aligned to order to enable these changes.

At the same time, its standards should also be aligned to improve predictability and reliability, by considering the Postal Service's operational capabilities. Data on service performance from recent years confirms that the standards currently in place have not aligned closely with actual performance. With the changes proposed in transportation that are enabled by these changes, the Postal Service will be able to significantly improve its service reliability. As noted above, we expect to set service performance targets at 95 percent once the new service standards are in place, and we expect to meet or exceed those standards on a consistent basis.

B. The Changes Will Have Minimal Impact on Customer Satisfaction and the Needs of Postal Customers, Without Any Undue or Unreasonable Discrimination

The changes being proposed will, on balance, benefit users of the mail by enhancing the reliability of service, and helping to ensure the continued availability of affordable, universal postal services to the country six days a week. Most mail volume will remain at its current standard; in addition, most mail volume will continue to be delivered within 1-3 days in the contiguous United States. Although certain service standards will increase by one or two days, those services will remain quality and adequate services. Indeed, as described above, the standards themselves have not been aligned in recent years with actual performance. By aligning the standards with actual performance and changing operations to perform more efficiently, the American mailing public will benefit from more predictable service.

Moreover, these changes will not cause any undue or unreasonable discrimination against any users of the mail. First, they do not treat different groups of users in different ways. The changes are based on time and distance, which is not only more efficient, but also more equitable. Second, the nature of the changes does not impact any customer-facing facilities, meaning that customers with physical impairments will face no changes that impact them any differently than any other customers.

C. The Changes Allow Economical Prioritization of Important Letter Mail

The changes being proposed do not unduly impact priority for important letter mail. While some standards will increase by one or two days, the actual performance will become more efficient and predictable. Customers who desire greater speed will also have the ability to utilize other Postal Service products, specifically Priority Mail Express and Priority Mail.

VI. THE POSTAL SERVICE WILL INITIATE A RULEMAKING TO AMEND 39 C.F.R. PART 121

In the present proceeding, the Postal Service is seeking an advisory opinion from the Commission on the changes that I have described which will affect service on a substantially nationwide basis. The Postal Service plans to initiate its own rulemaking process to amend its service standards under 39 C.F.R. Part 121. The Postal Service plans to publish a notice of its proposed revisions to Part 121 in the Federal Register and to seek public comment from any interested persons. After considering public comment and any advisory opinion of the Postal Regulatory Commission, the Postal Service will publish any service standard changes in the Federal Register and Title 39 of the Code of Federal Regulations, which are available both on- and off-line.

VII. CONCLUSION

The proposed service changes reflect the need to enhance service reliability and further reduce postal operating costs by implementing changes consistently across the transportation network within the contiguous United States and between the contiguous United States and its outer lying states and territories. Postal management deems the implementation of the service changes described in this filing as necessary to assure that the Postal Service remains a viable, financially healthy institution that can continue to play a vital role in serving the changing communications and delivery needs of the American people well into the 21st century.

LIBRARY REFERENCES SPONSORED BY UNITED STATES POSTAL SERVICE WITNESS ROBERT CINTRON

United States Postal Service Witness Robert Cintron sponsors the following library references:

- USPS-LR-N2021-1/22 – TRACS Floor Space Utilization Trends
- USPS-LR-N2021-1/16 – Average Annual Utilization of Surface Transportation FY14 to FY20
- USPS-LR-N2021-1/14 – Contemplated Lane Additions Data
- USPS-LR-N2021-1/12 – Mail Piece Volume by Service Standard and Drivetime
- USPS-LR-N2021-1/6 – Informed Visibility Service Performance Metrics (Enterprise Analytics) Data
- USPS-LR-N2021-1/NP3 – Nonpublic Material Provided in Response to Carlson Interrogatories to Witness Cintron (First Set)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T1-1: Please refer to page 3 of your testimony. You state that the proposed service standard changes "more realistically align[] the Postal Service's First-Class Mail service standards with the Postal Service's operational capabilities in light of declining mail volumes and prior network consolidation and rationalization efforts."

(a) Describe in detail how declining mail volumes do not align with the Postal Service's operational capabilities in ways other than cost and cost- effectiveness.

RESPONSE:

Declining mail volumes reduce the revenues needed to offset the costs of maintaining a network designed around the current service standards. The Postal Service has not demonstrated a capability of consistently achieving current service standards at the existing performance targets. Declining volumes, although not negatively impacting capability, strengthen the business case to change current service standards.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T1-2: Please refer to page 17, footnote 12 of your testimony. You note that 4% of Election Mail would be affected by these changes.

(a) Describe in detail the data on which you base your 4% figure.
(b) Define what types of mail you include in the term "Election Mail".
(c) Describe the anticipated impact of these changes on Election Mail for voters who are located outside of the United States, including military personnel who are stationed abroad.

RESPONSE:

a. and b. Based on November 2020 general election data and the use of the ballot Service Type ID (STID) in the Intelligent Mail Barcode (IMB), approximately 3.84% of inbound First-Class ballot volume would be impacted by the proposed service standard change.

Adjusted Service Standard Indicator	Piece Count	Impact %
N	22,446,015	96.16%
Y	897,152	3.84%
Grand Total	**23,343,167**	**100.00%**

c. Election Mail for voters who are located outside the United States are expected to be impacted according to the national impact summary in Hagenstein's testimony USPS-T-3 at 22.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T1-4: Please refer to page 17, footnote 12 of your testimony. You note that the Postal Service will work with local election officials to help them plan for any impacts from the service standard changes that might affect their Election Mail.

(a) Identify the secretaries of state and the local election boards whose Election Mail may be impacted by the service standard changes.

(b) Describe the timing of the Postal Service's work with local election officials about the service standard changes, particularly those local election officials who will be in an election cycle at the time the service standard changes are implemented.

(c) Describe any operational or business rules regarding Election Mail that will need to be changed or revised to account for the impact of the service standard changes on Election Mail.

RESPONSE:

a. All Election Mail may be impacted by the service standard changes. Based on the prior general election, most ballots would not be affected by the service standard change; however, timing of the mailings and responses would need to be adjusted to account for the smaller percentage of ballots expected to be impacted.

c. No operational or business rules regarding Election Mail will need to change on account of the proposed service standard change. The mailers and public will need to adjust timing based on the service standards to add two days to the previous recommended lead time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-2. Please refer to your testimony at page 9. Please provide a comparison of on-time performance between air and surface transportation from FY 2011 to FY 2018. You may provide the data on an annual basis or a quarterly basis.

RESPONSE:

Data responsive to this interrogatory are only available data from FY16 and later.

Product & Transport Mode	External SPM Data											
	FY16 Q1	FY16 Q2	FY16 Q3	FY16 Q4	FY17 Q1	FY17 Q2	FY17 Q3	FY17 Q4	FY18 Q1	FY18 Q2	FY18 Q3	FY18 Q4
3-5 Day Presort FCM Air	86.22	87.58	93.50	93.39	90.57	90.93	92.73	91.98	88.96	87.77	92.51	92.22
3-5 Day Presort FCM Surface	91.24	92.00	95.65	95.82	92.53	93.91	95.70	94.88	91.77	90.96	94.95	94.90
3-5 Day Single Piece FCM Air	72.45	75.19	84.55	85.39	79.21	80.64	84.90	83.86	74.94	73.88	84.22	82.93
3-5 Day Single Piece FCM Surface	80.87	83.23	90.01	90.68	84.08	86.47	90.17	89.13	81.01	79.97	88.20	88.46

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-3. Please refer to your testimony at page 12, lines 9–14. Please explain in detail why the schedules of commercial air carriers frequently would not allow the Postal Services [sic] to meet current service standards for mail to and from Alaska, Hawaii, and offshore territories.

RESPONSE:

Commercial air carrier schedules are often largely driven by passenger demand and have varying schedules to fit their needs. The Required Delivery Time (RDT) for First-Class Mail is 07:00 day-2. Because commercial air carrier schedules are driven by passenger demand, rather than Postal Service demand for the movement of mail, commercial air carriers' schedules often would not permit the Postal Service to meet First-Class Mail's RDT. The Postal Service allocates volume to commercial carriers first, being the most cost effective; however, in April 2021, commercial carriers were able to transport approximately 38% of First-Class Mail to the offshore destinations, and only 29% from the offshore origins.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-4. Please refer to your testimony at page 16.

a. Please explain, with reference to transportation and processing, why the Postal Service is changing the service standard to four days for First-Class Mail originating in and destined to the 995 and 996 ZIP Code area.
b. Please explain, with reference to transportation and processing, why the Postal Service is changing the service standard to four days for First-Class Mail originating in and destined to the 995–997 ZIP Code area.
c. Please explain, with reference to transportation and processing, why the Postal Service is changing the service standard to four days for First-Class Mail originating in and destined to the 998 and 999 ZIP Code areas.
d. Please explain, with reference to transportation and processing, why the Postal Service is changing the service standard to four days for First-Class Mail between the 995–997 ZIP Code areas and the 998–999 ZIP Code areas.

RESPONSE:

a. Turnaround volume (originating and destinating) within the SCF 995/996 will remain 2-day and the current service standard exceptions will be maintained where 5-digits are serviced by Alternate Modes of Transportation (AMOT). Much of 995 and 996 3-digit areas are not serviced by roads and depend on AMOT, which often do not run daily. Volumes from 995 and 996 are collected and transported to the Anchorage P&DC for processing, then dispatched via truck or AMOT to the offices servicing each 5-digit ZIP code.

b. The current service standards, not accounting for the exceptions, are 3-day between SCFs in Alaska. Mail processing for 995-997 takes place in Anchorage. Some volumes from 997 are collected and flown to Anchorage directly, while others are centralized in Fairbanks 997 prior to being transported by truck to Anchorage for processing. The majority of the 997 service area is not serviced by roads and the AMOT transportation does not run daily to many of the 5-digit offices. The mail processing and transport are similar to ‘a’; however, the distances are much greater.

c. Volumes originating and destinating in 998 and 999 are transported via AMOT (water and air) to Juneau for processing, then dispatched via AMOT to the various offices servicing 998, or dispatched to the Ketchikan 999 hub to be transported via AMOT to the various offices servicing the 5-digit ZIP codes in 999.

d. See responses to DFC/USPS-T1-4(b) and (c).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-7. Please refer to your testimony at page 18, lines 13–16.

a. Please confirm that the changes in processing operations implemented as a result of the elimination of overnight delivery for single-piece First-Class Mail caused or exacerbated the challenges in meeting delivery standards for two-day inter-SCF First-Class Mail. If you do not confirm, please explain.
b. Please provide the critical entry time for two-day inter-SCF First-Class Mail prior to the elimination of overnight delivery for single-piece First-Class Mail. If you cannot provide a general answer, please confirm that the critical entry time was later than 8:00 AM.

RESPONSE:

a. Not confirmed. The two-day reach was adjusted along with processing and logistics operations. Multiple factors may have contributed to challenges.

b. The critical entry time was 18:00 prior to the elimination of overnight delivery of single-piece First-Class Mail.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-8. Please refer to your testimony at pages 18–19. Please provide the actual critical entry time for each processing facility.

RESPONSE:

The current critical entry time for FCM for each facility is 11:00 a.m.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-9. Please refer to your testimony at page 26, lines 6–11. Please provide examples — and all such instances if practicable — in which the Postal Service transports mail or packages by air because volume is too low for surface transportation or surface transportation would be too time consuming. In your response, please specify the class of mail involved for each instance.

RESPONSE:

The premise for this question does not appear in the testimony that is cited. One example is First-Class Mail from Ft. Myers FL to Oklahoma City OK and Tulsa OK where both changed from surface to air transportation due to low volumes and the ability to eliminate a surface trip. The average volume from origin to each destination was under 300 pieces per day. The estimated volume shifted to the air network was projected to be under 30 pounds per week assigned to each destination.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-10. Please refer to your testimony at page 29, lines 23–24 and page 30, line 1. Please explain the extent to which the schedule you described does not apply to originating mail processing facilities that are located far from airports.

RESPONSE:

The schedule described in the testimony is a generalization and would apply to most facilities. Trips start departing to the airfields as volume builds and the final trips are scheduled to depart in alignment with the facility clearance. Facilities farther from servicing airports may need to depart the last of their volumes somewhat earlier.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-11. Please refer to your testimony at page 29, lines 23–24 and page 30, line 1. For each processing facility listed below, please explain how First-Class Mail and Priority Mail originating at that facility connect with the air transportation network.

a. Eureka CA
b. Medford OR
c. Missoula MT
d. Great Falls MT
e. Rapid City SD

RESPONSE: Please see the response filed under seal within USPS-LR-N2021-1-NP3.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-12. Please identify all instances in the contiguous 48 states in which the Postal Service uses air transportation between processing facilities to achieve two-day delivery for First-Class Mail.

RESPONSE:

Please see the Excel file “NONPUBLIC DFC.T1-12.xlsx” filed under seal within USPS-

LR-N2021-1-NP3.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-14. Please refer to your testimony at page 35, lines 19–21. Please provide all studies, analyses, documents, and other information that participants and the Commission should consider as supporting your contention that First-Class Mail will provide adequate service to customers if the service standard is extended by one or two days.

RESPONSE: The Postal Service provided all studies, analyses, documents, and other information that participants and the Commission should consider with its affirmative case filings. The Postal Service will supplement its affirmative case filings in subsequent stages of this case as appropriate in accordance with 39 C.F.R. Part 3020.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T1-15. Please provide an overview of the air transportation network for First-Class Mail, Priority Mail, and Priority Mail Express that describes the air carriers that serve each mail class and the approximate proportion of the total volume that is allocated to each carrier.

RESPONSE: The Postal Service is responding to this interrogatory in part pending resolution of its motion to be excused from responding in part. The air transportation network for First-Class Mail consists of both cargo air carriers and commercial air carriers. For purposes of this response, cargo air carriers are identified as Cargo1, Cargo2, and Cargo3, and commercial air carriers are identified as CAIR. The Postal Service is filing a non-public chart identifying the cargo, charter, and commercial air carriers corresponding to the columns used in this response under seal in non-public Library Reference USPS-LR-N2021-1-NP3. The Postal Service does not have more particular data on volumes of First-Class Mail assigned to individual commercial air carriers.

October 2020 - assigned weight distribution

Product	Cargo1	Cargo2	Cargo3	CAIR
FC Mail	45%	9%	5%	41%

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO DOUGLAS F. CARLSON'S INTERROGATORIES

DFC/USPS-T1-16: Please explain the extent to which labeling list L201 provides an accurate representation, for the purpose of understanding issues in this docket, of the current reach of surface transportation from an origin P&DC for First-Class letters and flats. In your response, please explain whether surface transportation is, in fact, used for First-Class Mail originating in ZIP Codes 998 and 999 and destined outside ZIP Codes 998 and 999, as indicated in labeling list L201.

RESPONSE:

The L201 will provide an accurate representation of First-Class Mail (FCM) surface reach from the 'Physical facility'. For OMX and MXD periodicals originating in 998 and 999, the volumes are transported to Seattle for processing. OMX volumes are merged with FCM surface transportation from Seattle. MXD volumes are transferred via the NDC network. First-Class Mail originating in ZIP codes 998 and 999 are transported to Anchorage to be merged with air network volume departing out of ANC. The Postal Service transports these volumes using air, water, and surface transportation.

See below for the description of the L201 labeling list:

L201 describes the First-Class Mail surface transportation reach of an origin facility for use in preparing bundles and sacks of Periodicals mail (including Periodicals labeled "news") and in preparation of First-Class Mail mixed containers. For Periodicals addressed to destinations within the First-Class Mail surface reach of the origin facility, mailers must use L201 to prepare mixed origin ADC bundles and sacks to enable integration of this volume into the First-Class Mail mailstream. Customers label bundles and sacks of mail originating in the 3-digit entry ZIP Code in Column A for delivery to 3-digit ZIP Code destinations listed in Column B using the corresponding city, state, and ZIP Code information in Column C. Customers use L009 for the preparation of mixed ADC bundles and sacks for any remaining pieces addressed to 3-digit ZIP Code

destinations not listed in Column B. For First-Class Mail letters, flats, and parcels originating in the 3-digit entry ZIP Code in Column A, customers label trays and sacks to the corresponding destination in Column C using "MXD" instead of "OMX," And ignoring Column B.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO GREETING CARD ASSOCIATION INTERROGATORIES

GCA/USPS-T1-1: Your prefiled testimony cites decline in First-Class Mail volume as a principal reason for the proposed changes in services standards.

(a) Does your testimony assume that each First-Class Mail product will, for the planning horizon you considered, remain of the same description as it is currently?
(b) Is it your understanding that the Postal Service's plan to change First-Class Mail service standards is based on the assumption that each First-Class Mail product will, for the planning horizon considered in formulating the plan, remain of the same description as it is currently?

RESPONSE:

a. Yes, my testimony assumes each First-Class Mail product remains the same description as currently.

b. My understanding is that each First-Class Mail product will remain the same description as it is currently.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO GREETING CARD ASSOCIATION INTERROGATORIES

GCA/USPS-T1-2: Can you confirm that in developing the proposal to change First-Class Mail service standards, the Postal Service did not consider modifications to existing First-Class Mail products, or creation of new First-Class Mail products, the aim of which would be to retard or arrest the decline in First-Class volume?

If you do not confirm, please describe any such modifications or new products which were considered, and explain (i) whether they factored into the proposal to change service standards and (ii) if they factored into the proposal to change service standards, how they are reflected in the proposal.

RESPONSE:

Confirmed

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON (REDIRECTED FROM WITNESS WHITEMAN) TO GREETING CARD ASSOCIATION INTERROGATORIES

GCA/USPS-T2-2(b): Did you, or to your knowledge, anyone within the Postal Service or among its consultants, investigate whether savings in the NDC network could be achieved by changing the service standards for some or all of the mail using that network? If your answer is affirmative, please state briefly whether or not that investigation found potential savings. If your answer is negative, please provide your understanding of why no such investigation was undertaken.

RESPONSE:

Some investigation was completed to review potential savings of adjusting service standards of volumes using the NDC network by identifying additional opportunities to shift volumes from highway transportation to rail transportation. The investigation found little opportunity for savings. There will be opportunity for additional savings by consolidating the NDC network and preferential networks. The First-Class Mail service standard change and development of a long-reach surface preferential network is a prerequisite for the consolidation of the two networks to occur.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-1. [POR #1] Please refer to your testimony in section I(A).

a. Please identify specific occasions, other than the pre-filing conference, when the Postal Service "conferred with industry representatives" specifically regarding the proposed service standard changes, as opposed to service issues generally.

b. Please identify the specific presentations to the Mailer Technical Advisory Committee that were specifically about the proposed service standard changes, as opposed to service issues generally.

RESPONSE:

a. The pre-filing conference was the introduction of the proposal to the industry and public at large. The Postal Service also conferred with industry representatives prior to the pre-filing conference. For instance, after the release of the 10 Year "Delivering For America" plan and prior to the pre-filing conference, the Postal Service discussed the proposed service standard changes at MTAC with over 600 people in attendance.

b. The Mailer Technical Advisory Committee is another forum to discuss the proposed service standard changes with the mailing industry. The Postal Service did not create specific presentations about the proposed service standard changes as the subject was reviewed in the pre-filing conference and the specific details of the proposal filed publicly with the PRC.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-3. [POR #3] Please refer to your testimony in section I(A)(1), *Discussion of Current Inability to Meet Existing Service Standards*.

a. Please confirm that service performance targets and scores shown for First-Class Mail are aggregated, i.e., they are composite averages of all First-Class Mail regardless of category or preparation, and the average of performance of all reporting units (e.g., areas and districts). If that cannot be confirmed please explain why.

b. Please confirm that, within the aggregated (composite) scores, some reporting units and/or processing facilities have shown relative consistency in achieving (or failing to achieve) the current service standards. If that cannot be confirmed, please explain why.

c. Please explain what analyses or studies the Postal Service made over the 2012-2020 period to identify underperforming facilities, deficient processes, management or staffing issues, and other factors contributing to the failure to achieve service performance under the current service standards, and what corrective measures were taken. If no analyses or studies were made, or no corrective actions were taken, please explain why not.

d. Please explain whether and how the management, staffing, processing, transportation, or other factors now impairing achievement of the current standards will be amended, other than by adding time, to enable achievement of the proposed service standards.

e. Please explain whether the Postal Service has evaluated only replacing the current three to-five day standard with separate standards for three, four, and five-day service, without other changes to two-day service or the processing and transportation networks. If that evaluation has been conducted, please provide the results or, if no evaluation was made, please explain why not.

RESPONSE:

a. Confirmed.

b. Confirmed.

c. The Postal Service conducted analyses to identify both under-performing and high-performing Areas, Districts, and Sites. From Headquarters, the top-10 high and low performing Districts were identified and distributed to the Area and Field leadership on a weekly basis. Area/Field leadership would create action plans to address performance issues. Service teams were sent to high-impact sites that did not correct or show progress. Responsible managers in under-performing sites are reassigned when not able to correct issues.

d. Staffing issues will correct as the pandemic is addressed. Large hiring efforts were made to help fill gaps in staffing. Annex space and package sorting equipment was approved to expand processing capacity. Management training is resuming as the pandemic concerns are waning.

e. The Postal Service evaluated a scenario that maintained current 2-day service standards while extending 3-day to 3-to-5-day service standards. The results of this model scenario increased annual mileage by 36M miles and reduced estimated annual savings by approximately $80M versus the current proposal.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-6. [POR #8] Please refer to the footnote to your testimony on page 11.

a. Please explain the difference between "service standards" and "service performance targets."

b. Please confirm that the Postal Service must seek an Advisory Opinion from the Postal Regulatory Commission if changing nationally-applicable "service standards" for First-Class Mail but can unilaterally adjust "service performance goals" for any mail.

RESPONSE:

a. Service standards define the expected days to deliver a product from an origin to a destination. Service performance targets are goals set to drive processing and delivery performance against the delivery expectation set by the standard.

b. The Postal Service understands its obligation to file a request for an advisory opinion when it seeks to change service standards for First-Class Mail on a nationwide or substantially nationwide basis. The Postal Service provides notice of service performance target changes through its Annual Report.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-7. [POR #9] Please refer to the footnote to your testimony on page 11.

a. Please explain the use of "expect to" rather than "will."

b. Please explain the steps being taken by the Postal Service in preparation for "implementation of our proposed service standard changes," other than adding transit time and adjusting modes of transportation, so that the 95 percent service performance target can be attained at "all times of the year."

c. Please explain the steps the Postal Service will take if it is unable to achieve or maintain achievement of the "95 percent" performance goal it expects to set "upon implementation of our proposed service standard changes during all times of the year."

RESPONSE:

a. The phrasing does not have substantive import—it simply reflects the fact that the targets for subsequent years have not yet been set by the Board. As noted, these service standard changes will enable the Postal Service to achieve a 95% target.

b. In order to continue providing reliable service, the Postal Service has addressed capacity issues by acquiring additional space in 46 locations to accommodate package growth. The Postal Service also purchased 138 additional package sorting machines this year and added over 14,000 permanent positions to our workforce. This will allow facilitate the timely handling of additional package volume in the processing and delivery network. The increased space and fluidity for packages will free-up needed space for drop shipments.

Similar to what was successfully accomplished prior to the pandemic, the Postal Service continues daily review and analysis of service failures. The analysis allows for prompt resolution of root causes of our process failures including efficiency and opportunity to maximize our machine utilization.

The Postal Service is also addressing bottlenecks in the logistics networks by

contracting additional Surface Transportation Centers to increase capacity to distribute mail throughout the surface networks. Daily mitigation of the air network's capacity shortfall continues and the third-party canine (3PK9) air package screening project expands capacity and alleviates bottlenecks by moving Priority Mail packages through the commercial air network.

c. The Postal Service will design transportation that supports the achievement of the 95% performance goal. Lane analysis will reveal any constraints caused by multi-stops, transfers, or overall distance. Adjustments will be made to routes or modes to ensure volumes arrive at destination in time to support a viable volume arrival profile.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-8. [POR #11] Please refer to the statement in your testimony on page 18, lines 16 through 18, that "the Postal Service is incapable of meeting its service performance targets, and hence providing reliable and consistent service, under the current standards."

a. Please confirm that, as shown in the data provided quarterly to the Postal Regulatory Commission, some facilities (or districts or areas) of the Postal Service have been able to meet current service performance targets.

b. Please explain the steps taken by the Postal Service to determine why some facilities (or districts or areas) have been able to meet current service performance targets; the information developed; the actions taken to apply those findings to enable other facilities (or districts or areas) to meet service performance targets; and the results of those actions. If no steps were taken for either purpose please explain why.

RESPONSE:

a. Confirmed.

b. The Postal Service conducted analysis to identify both under-performing and high-performing Areas, Districts, and Sites. From Headquarters, the top-10 high and low performing Districts were identified and distributed to the Area and Field leadership on a weekly basis. Area/Field leadership would create action plans to address performance issues. Service teams were sent to high-impact sites that did not correct or show progress. Peer mentoring was regularly used to assign high-performing site managers to assist low-performing sites. Responsible managers in under-performing sites are reassigned when not able to correct issues.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-9. [POR #12] Please refer to the statement in your testimony on page 18, lines 16 through 18, that "the Postal Service is incapable of meeting its service performance targets, and hence providing reliable and consistent service, under the current standards."

a. Please explain the causes, other than transit time and the use of air transportation, that contribute to the Postal Service's failure to meet service performance targets, and how the proposed changes to service standards will ameliorate those causes so as to enable achievement of the revised standards.

b. Please explain the steps taken by the Postal Service to determine why it "is incapable of meeting its service performance targets"; the information developed; the corrective actions taken to improve its capability to meet service performance targets; and the results of those actions. If no steps were taken for either purpose please explain why.

c. Please explain the Postal Service's criteria for "meeting" targets, and for judging service to be "reliable" and "consistent," and the derivation of those criteria.

RESPONSE:

a. There are various factors influencing service performance with respect to the Postal Service's current service standards, including: machine capability and capacity, network issues, staffing issues, and employee error. Although volume of First-Class Mail is declining, volume can still be a contributing factor at times, in particular if a large mailing is entered that overwhelms the current capacity of an operation. The significant increase in package volume has contributed to the challenges in mail processing that impact First-Class Mail service performance. Resources are shifted to heaviest volumes to attempt to clear volumes in accordance with the operating plan. When the operating plans are not able to be achieved, dispatches are held, or volumes are missed. When dispatches are held at origin, the volume on the trip is put at risk to make transfers and / or meet the destination sites' critical entry times. Adding time to the transportation window will better enable sites to dispatch all volumes on designated dispatches of value. The added time will add buffers to transfer windows to better absorb transportation delays.

b. Please see responses to MH/USPS-T1-3(c) and MH/USPS-T1-8(b).

c. Meeting a service performance target is achieving the service performance target. Reliable and consistent refer to the ability to meet the service performance targets for a service standard. When a site, district, division, area, region, or at a national level, is able to meet the service performance target, the service standard is being fulfilled and the customer's expectations met at the targeted level. In the case where the Postal Service sets 95% on-time targets, it would mean meeting the customer's expectations 95% of the time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-10. [POR #14] Please refer to the statement in your testimony on page 18, lines 23 through 25, that "Achieving this standard requires the Postal Service to employ substantial point-to-point two-day transportation for, at times, very low volume."

a. Please explain the Postal Service's normal processes for evaluating transportation utilization and how those are applied to situations of "very low volume."

b. Please explain the Postal Service's action to minimize the occurrence of trips with "very low volume" and whether those actions were effective. If not, please explain any further actions that were taken, and their results; if none were taken, please explain why not.

c. Please explain why the capacity of contracted surface transportation vehicles cannot be adjusted to provide the flexibility to better align with volume.

RESPONSE:

a. The Postal Service evaluates transportation utilization using dashboards and reports that summarize floor utilization by leg of transportation. Multi-trip lanes with low average utilization are evaluated for opportunities to consolidate volumes and eliminate trips. Single trip lanes are evaluated to identify opportunities to be combined with other trips.

b. The Postal Service is employing a team of analysts to actively perform the analysis described in the response to part-a, above. The Surface Optimization effort has identified over $75 million in savings in the past three Postal quarters.

c. The type of the vehicles under contract could be adjusted to improve utilization of those vehicles, *i.e.*, by adjusting the number of lower-volume vs. higher-volume vehicles under contract, however, that would not reduce mileage, trips, or yard and dock activity and yield little to no benefit. The proposal is designed to minimize trips and mileage by building full tractor trailer loads – to move more volume on fewer trips.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-11. [POR #15] Please refer to your testimony in section III(A), *Proposed Transportation Network Changes and Benefit*.

a. Please explain the Postal Service's criteria for determining the efficiency of transportation, particularly as each mode correlates to the level of service performance it enables.

b. Please confirm that the primary objective of the proposed service standard changes is to reduce Postal Service costs by maximizing the volume of mail that can be moved by surface transportation. and not to maintain or improve on the current levels of achievement of the current service standards for First-Class Mail.. If not confirmed, please explain why.

RESPONSE:

a. Transportation efficiency is currently based on utilization of the network, with a goal of achieving 65% utilization. Part of the goal to improve utilization is also to reduce / control costs, reduce trips, and reduce yard and dock activity.

b. Not confirmed. There are two goals of the proposed service standard change: to improve service performance capability and to improve cost effectiveness of the network.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-13. [POR #18] Please refer to the statement in your testimony on page 28, lines 11 through 13, that "Early dispatches, which are frequently necessary to achieve current service standards, risk departing from origin points without all committed volumes, leading to operational plan failures and missed service standard targets."

a. Please explain why and how, in the stated scenario, approved operating plans would not align transportation and achievement of service standards or, conversely, how operating plans would be approved if they include the necessity for early dispatches, perhaps "without all committed volumes."

b. Please explain how correction of such misalignments cannot be achieved without changing service standards.

RESPONSE:

a. National operating plans were established, standardized, and implemented with the operating window change of 2012. In many cases, processing centers had to implement special handling procedures to help ensure timely dispatching of volumes to early 2-day partners. As package volumes have increased and clearance times pushed later, both 2 and 3-day pairs, where letters, flats, and packages share transportation, either need to wait for volumes to clear, or depart without all the committed volumes. Air transportation is typically more expensive, limited in capacity, and has not been a viable alternative.

b. Expanding air transportation could alleviate some of the misalignments if capacity was available at an increased operating cost. However, the air network has not proven effective and continues to struggle to meet the Post Service's operating plans and desired service performance levels, particularly since the onset of the pandemic. Extending the service standards increases the routing flexibility to implement more cost-effective surface transportation, alleviate the capacity issues currently observed in the air network, decrease costs, and meet customer expectations set by the proposed service standards.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-16. [POR #23] Please refer to the statement in your testimony on page 31, lines 16 and 17, that "business customers' destination-entry presort mail will remain unaffected by the proposed service standard changes."

a. Please confirm that there are no destination entry rates for First-Class Mail.

b. If confirmed, please clarify the statement that "destination-entry presort mail will remain unaffected by the proposed service standard changes," particularly to define what the term "unaffected" means in your use of it in this statement.

c. Please explain how Presorted First-Class Mail will "remain unaffected" if the origin/destination pair represented by the facility where the mail is deposited and the facility serving the destination of the mail will be moved from a two-day service standard to a three- day service standard "by the proposed service standard changes."

RESPONSE:

a. Confirmed.

b. Commercial pre-sort First-Class Mail volumes, properly prepared, and entered at the SCF prior to CET will still be eligible for overnight service. No destination entry Periodicals or Marketing Mail will be impacted by the proposed service standard change.

c. Overnight pre-sorted First-Class Mail will remain unaffected by the proposed service standard change. Network First-Class Mail, pre-sort or single-piece, will be affected by the proposed service standard change.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORIES

MH/USPS-T1-18. [POR #27] Please refer to your testimony in section V, *The Postal Service's Proposed Network Operations Changes Are Consistent With The Policies And Requirements Of Title 39, United States Code*.

a. Please explain the bases for the Postal Service's conclusion that service standards should be aligned "with actual performance" rather than aligning operational performance to enable achievement of established service standards.

RESPONSE:

The actual service performance demonstrates capability under the current network design. It is possible changes could be made to improve capability of achieving current service standards, however, it would likely come with increased investment and operating costs. Investments in new technology could improve sort accuracy and speed of sortation equipment. Adding labor and equipment could reduce the mail processing operating windows at a cost of decreased productivity and added maintenance and overhead. Added transportation to dedicate trips to moving specific product types, or adding direct transportation for problematic lanes, could improve service performance with the cost of added transportation and other associated impacts of increasing vehicle traffic in the facility yards and roads. Increasing operational costs, however, is contrary to the organization's direction to reduce costs and improve operational efficiency, thereby helping to ensure the viability of the Postal Service in the future.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO MAILERS HUB'S INTERROGATORY MH/USPS-T2-1 REDIRECTED FROM WITNESS WHITEMAN

MH/USPS-T2-1: Please refer to your testimony on page 8, lines 10 through 14. a. Please explain the statement that the "service standard change will result in a restructuring of the Postal Service's transportation network," specifically to clarify whether the Postal Service's decision to transport more mail by surface necessitated revising service standards, or whether the revised service standards were developed first and, in turn, drove changes in the transportation network."

RESPONSE: The Postal Service's decision to transport more mail by surface

transportation initiated the service standard change modeling and analysis.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL NEWSPAPER ASSOCIATION'S INTERROGATORIES

NNA/USPS-T1-1: Please refer to the On-Time Performance chart in your testimony on p.8.

a. Please confirm that the primary data collection mechanism for deriving service performance statistics come from scans within the Informed Visibility system of mailpieces, bundles and containers with Intelligent Mail barcodes? If not, please explain other sources that would be used to compile these results.

b. Please confirm that mail with Full Service Intelligent Mail barcodes is referred to by USPS as mail "in measurement" and that mail without such barcodes is considered not "in measurement." If you do not confirm, please explain your response.

c. What percentage of Periodicals mail volume was considered "in measurement" in FY 2020?

d. Does the Postal Service compile data on the percentage of newspaper mail within the Periodicals class that is "in measurement?" If yes, please provide the percentage of newspaper mail "in measurement." If not, please explain why the Postal Service does not compile such data.

e. Relying on your personal expertise in the development of the USPS Informed Visibility system, do you believe the presence of newspaper mail in measurement has been relatively low compared to other types of mail? Please explain your response.

f. If you confirm that newspaper mail in measurement has been relatively low compared to other types of mail, would you agree that the chart on p. 8 does not fully represent the actual service performance for newspaper delivery? Please explain your response.

RESPONSE:

a. Confirmed.

b. Confirmed. However, mail that has an Intelligent Mail Barcode and is Full-Service can still be excluded from service measurements for various reasons.

c. Out of total Full-Service Periodicals, 71.81 percent were in service measurement in FY 2020.

d. The Postal Service does not have data specific to newspapers. Newspapers are not a specific mail product. The Postal Service does not report

newspaper-specific performance to the Postal Regulatory Commission.

e. Yes. Periodicals have a lower percentage of overall volume, and newspapers' physical characteristics preclude passive scanning during sortation on our Mail Process Equipment (MPE).

f. Service performance for Periodicals set forth in my testimony represents service performance for newspaper delivery to the extent it is tracked and reflected in Periodical service performance.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL NEWSPAPER ASSOCIATION'S INTERROGATORIES

NNA/USPS T1-2: Does the Postal Service produce reports of the percentage of newspaper bundles that receive scans within the Informed Visibility System? If so, please provide reports for the period since the existing service standards were adopted, i.e., from 2012 to date.

RESPONSE: No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL NEWSPAPER ASSOCIATION'S INTERROGATORIES

NNA/USPS T1-3: Does the Postal Service produce reports of the percentage of newspaper containers that receive scans within the Informed Visibility System? If so, please provide reports for the period since the existing service standards were adopted, i.e., from 2012 to date.

RESPONSE: No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL NEWSPAPER ASSOCIATION'S INTERROGATORIES

NNA/USPS T1-4: With respect to the Informed Visibility system and data as they apply to newspaper mail,

a. Do you believe the Informed Visibility system produces consistently reliable data on the on-time delivery of newspapers?

b. Do you agree that newspaper mail that is not sorted by automated sorting equipment would not receive barcode scans during mail processing, even if mailpieces contain Full Service Intelligent Mail Barcodes? If you disagree, please explain your response.

c. Would you generally agree that to the extent local newspapers are entered at Delivery Units for delivery within that unit's 5-digit ZIP code area, Informed Visibility data would capture only information on container and/or bundles if any data at all are captured?

d. Does the Postal Service produce reports on the percentage of DU-entered newspaper bundles and containers scanned into Informed Visibility reports? If so, please provide any relevant reports for FY 2020.

RESPONSE:

a. Newspapers are not separated out from other Periodicals. The Informed Visibility system produces statistically accurate, reliable, and representative data at the mail class level for Periodicals.

b. Disagree. Full-Service bundles may be handled/sorted by a manual bullpen in which containers scan may be performed. This may include Full-Service newspaper bundles.

c. Agree, container scans can only be associated to bundles or pieces that meet the Full-Service requirements.

d. No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL NEWSPAPER ASSOCIATION'S INTERROGATORIES

NNA/USPS T1-7: With respect to the use of air transportation to carry First-Class or Periodicals mail:

a. Does the Postal Service routinely use air transportation to carry Periodicals?

b. To the best of your knowledge, does the Postal Service routinely use air transportation to carry newspapers within the Periodicals class? Please explain your response.

c. If your response to subparts a) and b) was that air transportation is rarely or never used for Periodicals mail, please explain why changes in First-Class mail service standards involving air transportation necessitates also changing service standards for Periodicals?

RESPONSE:

a. No.

b. No. By design, newspapers are to be dispatched on surface transportation. They will follow routings for FCM surface lanes or via the NDC network for FCM air lanes.

c. Where periodicals and newspapers are transported on FCM surface transportation, the service standard is determined by the FCM service standard plus one day. For volumes remaining in the NDC network, no service standard change is expected.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL NEWSPAPER ASSOCIATION'S INTERROGATORIES

NNA/USPS T1-8:

With respect to locally-entered (DU or SCF) newspaper mail,

a. Please confirm that newspapers entered at a Delivery Unit before the unit's CET for next day delivery will be unaffected by the proposed service standards change.

b. Please confirm that newspapers dropped overnight at a Delivery Unit with an existing understanding that same-day delivery will be available will be unaffected by the proposed service standards change.

c. Please confirm that the use of exceptional dispatch under DMM 707.28.3 by newspapers to achieve same-day or next day delivery, where available now, will be unaffected by the proposed service standards change.

RESPONSE:

a. Confirmed.

b. Confirmed.

c. Confirmed; the proposal does not impact the use of exceptional delivery under DMM 207.28.3.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL NEWSPAPER ASSOCIATION'S INTERROGATORIES REDIRECTED FROM WITNESS MONTEITH

NNA/USPS-T4-1: Please refer to your testimony on p. 19 where you state: "As previously noted, we will set our service performance targets to 95 percent once the new service standards are established, and we expect to meet or exceed those standards on a consistent basis. Consistent service performance will likely better align customers' expectations with actual delivery performance. As a result, these proposed changes may improve customer satisfaction and minimize any financial impact resulting from the changes by increasing the Postal Service's ability to consistently deliver mail within the customers' expectations."

a. Please explain why USPS sets service performance targets.
b. Why does USPS set its targets at 95 percent as opposed to any other number?
c. Does the Postal Service believe the service targets are the functional equivalent of lowering the service standards and if not, why not?
d. If the Postal Service believes current standards are unachievable, why does it not simply lower the targets rather than changing the standards?
e. Does the Postal Service have any studies or surveys that indicate a public understanding that service performance targets are not 100% of the standards?

RESPONSE:

a. The Postal Service sets service performance targets as a mechanism to drive organizational performance towards meeting the established service standards.

b. 95% was determined to be an appropriate standard for defining "service excellence" across all categories of products. Regarding First-Class Mail, the target is consistent with observed service performance of First-Class Mail products when considering volume delivered within one or two days after the service standard.

c. No, the Postal Service recognizes service standards and service targets are different. Service standards are the expectation communicated to the public and service performance targets are set to drive performance towards meeting the customer expectation. Performing poorly against the customer expectations will drive dissatisfaction and the goal of this adjustment is to realign the standards and drive performance against those new standards.

d. Please refer to the response to subpart (c), above. Communicating service standards that the Postal Service cannot achieve at a satisfactory level of performance will set expectations to customers that the organization cannot deliver.

e. No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL NEWSPAPER ASSOCIATION'S INTERROGATORIES REDIRECTED FROM WITNESS MONTEITH

NNA/USPS-T4-2:

a. Please confirm that the linked page on the USPS website is available for the general public to use to look up service standards and/or seek information on what to do about late-delivered mail. If you do not confirm, explain why not. https://faq.usps.com/s/article/Delayed-Mail-and-Packages#check_mail_delivery_standards
b. Please confirm that the service standards listed on this page do not incorporate any reference to service performance targets.
c. Please confirm that the list of service standards listed on this webpage does not provide an expected service standard for newspapers or magazines. If you confirm, please explain why other mail products are listed but not Periodicals.
d. Please confirm that the only reference on this page to newspapers or magazines directs the viewer to contact the publisher in the event of service delays, but provides no way to contact the Postal Service about these specific products.
e. Please confirm that the directory linked to the question "Who do I notify if my mail is late?" provides only physical locations to local post offices and neither telephone numbers nor email addresses for mail recipients to use.

RESPONSE:

a. Confirmed.

b. Confirmed. Service performance targets are available elsewhere on the usps.com website.

c. Confirmed.

d. Confirmed in part. The website directs magazine / periodical customers to contact the publisher of the magazine in the event of a delay. The website also provides a way to contact a USPS customer representative.

e. Not confirmed. Clicking on the link of the desired Post Office provides the address, phone number, and hours of the office.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL POSTAL POLICY COUNCIL INTERROGATORIES

NPPC/USPS-T1-1: Please refer to page 6, lines 14-16 of your testimony, in which you state that the Postal Service adopted its current market-dominant service standards for First-Class Mail in 2012. Please list any changes the Postal Service has made to its business rules governing First-Class Mail service from 2012 to the present.

RESPONSE:

Please refer to Title 39, Part 121.1. This section provides the business rules from 2012 to January 2015, and the changes implemented in January 2015 that are currently in place. Please see also 77 Fed. Reg. 31196 (May 25, 2012); 79 Fed. Reg. 4080 (Jan. 24, 2014); 79 Fed. Reg. 44701 (Aug. 1, 2014).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL POSTAL POLICY COUNCIL INTERROGATORIES

NPPC/USPS-T1-2: The Postal Service today has less volume than in 2012, after adoption of the current service standards. While an inability to meet service standards if volume had doubled since then might be understandable, please explain why the Postal Service cannot meet the current standards despite having less volume than in 2012?

RESPONSE:

There are various factors influencing service performance with respect to the Postal Service's current service standards, including: machine capability and capacity, network issues, staffing issues, and employee error. Although volume of First-Class Mail is declining, volume can still be a contributing factor at times, in particular if a large mailing is entered that overwhelms the current capacity of an operation. The significant increase in package volume has contributed to the challenges in mail processing that impact First-Class Mail service performance. Resources are shifted to heaviest volumes to attempt to clear volumes in accordance with the operating plan. When the operating plans are not able to be achieved, dispatches are held, or volumes are missed. When dispatches are held at origin, the volume on the trip is put at risk to make transfers and / or meet the destination sites' critical entry times. Adding time to the transportation window will better enable sites to dispatch all volumes on designated dispatches of value. The added time will add buffers to transfer windows to better absorb transportation delays.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL POSTAL POLICY COUNCIL INTERROGATORIES

NPPC/USPS-T1-3: Is the Postal Service's network today (i.e., prior to implementation of the changes contemplated in this proceeding) optimized for any particular volume of First-Class Mail or total mail? Please explain.

RESPONSE:

The current network is not optimized for any particular volume.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL POSTAL POLICY COUNCIL INTERROGATORIES

NPPC/USPS-T1-4: For what volume of First-Class Mail would the Postal Service's network be optimized after implementation of the changes contemplated in this proceeding? Please explain.

RESPONSE:

The Postal Service's network will not be optimized for any particular volume of First-Class Mail. The Transportation Modeling software optimizes transportation for all products included in the model. The team involved with implementing transportation changes supporting the proposed service standards will consider the both the output of the model and existing transportation lanes that align with the future network requirements. Changes implemented will be prioritized based on opportunity for cost savings and service improvements.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL POSTAL POLICY COUNCIL INTERROGATORIES

NPPC/USPS-T1-5: Please refer to page 28, line 18, through page 29, line 9 of your testimony. Please describe what you mean by "Merging these two [the First-Class Mail and the NDC] parallel networks," how will they be merged, and how they will be distinct.

RESPONSE:

The vision, as described on page 29 of the 10-year plan, is to transition the NDCs into RDCs, dedicated to package processing. Marketing Mail and Periodicals will be shifted to the P&DCs, where those volumes will be transported via the plant-to-plant STC network. The NDC to NDC network will not exist, as it does today, and will become part of the plant-to-plant STC network.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL POSTAL POLICY COUNCIL INTERROGATORIES

NPPC/USPS-T1-6: Please refer to page 31, footnote 21 of your testimony. What proportion of remittance mail will be affected by the change to transport remittance volumes together with all other First-Class Mail?

RESPONSE:

Remittance volume is currently assigned to surface and air transportation separately from other First-Class Mail. The proposal would shift a portion of this volume to surface where the mode matrix for remittance does not match the mode of other First-Class Mail. 15 percent of remittance volumes are in lanes currently assigned to air transportation while other First-Class Mail, in those same lanes, are transported by surface. This 15 percent of volume will shift to surface to match the First-Class Mail mode. Of the 15 percent of remittance volume currently assigned to air that will shift to surface to match the First-Class Mail mode matrix, 47 percent of it would be impacted by the service standard change.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO NATIONAL POSTAL POLICY COUNCIL INTERROGATORY NPPC/USPS-T5-4 (REDIRECTED FROM WITNESS THRESS)

NPPC/USPS-T5-4: In the Commission's Advisory Opinion in Docket No. N2012-1 (at 70), the Commission stated: "The Postal Service will, at the end of Phase 1, be able to study the actual impact of eliminating the overnight service standard for inter-SCF First-Class Mail. This amounts to an approximately 20 percent reduction in volume currently receiving overnight delivery and could provide the Postal Service with the kind of historical data needed to undertake an econometric analysis of the relationship between speed of delivery and mailing behavior."

Did the Postal Service conduct the study suggested by the Commission? Please explain.

RESPONSE:

While the Postal Service did not conduct the precise study suggested by the Commission, it has studied the historical relationship between mail volumes and average days to delivery via econometric analysis in connection with this proceeding, and the results of the study are set forth in the direct testimony of Postal Service Witness Thomas Thress (USPS-T-5).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES

POSTCOM/USPS-T1-1: Will the Postal Service have to add any ground transportation lanes to handle First-Class Mail volumes that are currently transported by air?

a. If the answer is yes, please provide the following:
   i. All known lanes that will be added to the USPS ground network.
   ii. Total cubic volume of additional capacity for each additional lane.
   iii. Vehicle miles per lane.

b. If the answer is no, what will be the expected capacity utilization for the Postal Service's ground network after the service standard changes are implemented?

RESPONSE:

a. Yes, the Postal Service will need to add ground transportation to handle FCM volume currently transported by air.

   i. The selection of the specific lanes for implementation has not been finalized. Please see the file, "Anticipated Lane Data.xlsx", submitted as USPS-LR-N2021-1-14, identifying the suggested lanes, volume cubic feet, and lane mileage output from the model. Please note that the cubic volume indicated is estimated by multiplying the percent load of an All-Purpose Container (APC) by 37.5 cu-ft per APC. The cubic feet space requirement on a trailer will be greater due to the containerization of the volume. The vehicle miles per lane is the mileage from Origin to Destination. The trips developed in the model share multiple destinations, therefore summing the mileage of the individual lanes will not result in the sum of miles required to shift the modeled volume from Air to Surface mode.

   ii. Please see response to 1.a.i

   iii. Please see response to 1.a.i

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES

POSTCOM/USPS-T1-2: Has the Postal Service estimated what service performance will be achieved if the proposed changes are implemented? If so, please provide the estimated results utilizing the table below:

Estimated Impact of USPS Proposed Transportation Changes					
	Proposed Transportation				
Current Transportation	1-Day	2-Day	3-Day	4-Day	5-Day
1-Day					
2-Day					
3-Day					

For example, the bottom-right cell would show the percentage of mail, currently being delivered within three days (or more) that would instead be delivered within five days (or more).

RESPONSE:

The Postal Service has not estimated service performance based on the service standard changes.

The goal is to achieve 95 percent on-time performance.

Based on the proposal, the chart below shows the volume percentage breakouts moving from current to proposed service standards:

Estimated Impact of USPS Proposed Transportation Changes						
	Proposed Transportation					
Current Transportation	1-Day	2-Day	3-Day	4-Day	5-Day	TOTAL
1-Day	100%	0%	0%	0%	0%	100%
2-Day	0%	81%	19%	0%	0%	100%
3-Day	0%	0%	47%	36%	17%	100%

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES

POSTCOM/USPS-T1-3: Please refer to page 31 of USPS-T-1, where you state that "[t]hirty-four percent of remittance volume may be impacted by a downgrade in service."

a. Please define "remittance volume" as used in this sentence.
b. What would be the incremental cost to the Postal Service of continuing to use air transportation for remittance volumes to prevent service downgrades?
c. Has the Postal Service estimated the cost to remittance mailers of delayed payments? If so, please provide such estimates.

RESPONSE:

a. "Remittance Mail" is identified as mail pieces with a Facing Identification Mark (FIM). The FIM types below are included:

FIM	Description
A	Courtesy Reply Mail
B	Business Reply Mail (Non Barcoded)
C	Business Reply Mail (Barcoded)
D	IBI Meters and PC Postage Systems
E	Customized Services (IMb Barcoded)

b. Maintaining current air transportation for remittance volume identified in surface First-Class lanes in the model would reduce the estimated air network savings by approximately $8M per year.

c. No, the Postal Service has not estimated the cost impact to remittance mailers.

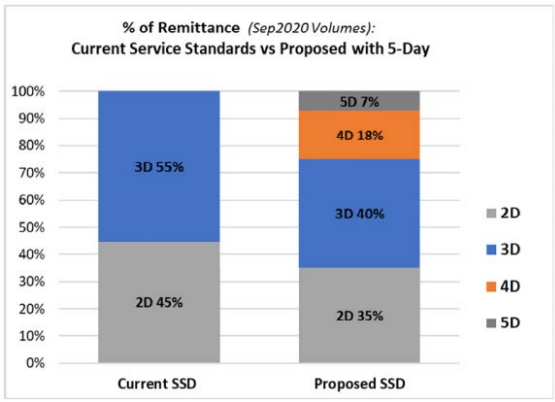
RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES

POSTCOM/USPS-T1-4: Please refer to USPS-T-1 at 31, footnote 21, which states, "The Postal Service presently prioritizes remittance mail such that certain remittance mail volume is delivered more quickly than is required under current First-Class Mail service standards."

a. Is the majority or minority of remittance mail prioritized and delivered more quickly than the current First-Class service standard?

b. Please refer to the charts below, which are reproduced from Library Reference USPS-LR-N2021-1/3, Excel worksheet 3_SSD_5D_Vol_Impacts_CONUS at Tab "Remittance Impact":

PostCom/USPS-T-1-5. Remittance Volume					
Current Service Standard	Proposed Service Standard	Remittance in First Class Daily Volume	Current service standard % of Total Volume	Proposed service standard % of Total Volume	% of Current SSD Volume
2D	2D	3,820,282	45%	35%	79%
2D	3D	1,037,579		10%	21%
2D	4D	36		0%	0%
3D	2D	0	55%	0%	0%
3D	3D	3,285,481		30%	55%
3D	4D	1,928,187		18%	32%
3D	5D	775,704		7%	13%
Remittance Volume		10,847,269	% Downgrade of Remmitance	34%	



i. Confirm that for the remittance volume that is prioritized, the downgrade from actual service (as opposed to the standard) will be even more severe than depicted in these charts?

ii. How does the remittance volume that will be downgraded breakout across the change from 2 days to 3 days, to 4 days, to 5 days; and from 3 days to 4 days and to 5 days?

RESPONSE:

a. The minority of remittance mail volume is delivered more quickly than the current First-Class Mail service standard. See the tables below:

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO ASSOCIATION OF POSTAL COMMERCE'S INTERROGATORIES

2-Day Remittance Mail							
Quarter	0-1 Day	2 Days	3 Days	4 Days	5 Days	6+ Days	Average Delivery Days
1/1/2019*	42.10%	54.42%	2.14%	0.42%	0.15%	0.77%	1.74
4/1/2019	43.24%	53.97%	1.85%	0.36%	0.14%	0.44%	1.66
7/1/2019	42.33%	55.17%	1.69%	0.36%	0.13%	0.33%	1.64
10/1/2019	41.41%	54.15%	3.06%	0.64%	0.23%	0.51%	1.69
1/1/2020	42.22%	54.39%	2.35%	0.51%	0.18%	0.36%	1.65
4/1/2020	43.20%	53.71%	2.06%	0.53%	0.19%	0.33%	1.63
7/1/2020	41.15%	53.02%	4.09%	0.97%	0.32%	0.45%	1.70
10/1/2020	37.42%	52.30%	6.80%	1.82%	0.67%	0.98%	1.82
1/1/2021	37.35%	54.49%	4.99%	1.38%	0.54%	1.26%	1.83

*Please note that the data for FY19 Q2 starts at 2/9/2019

3-5 Day Remittance Mail							
Quarter	0-1 Day	2 Days	3 Days	4 Days	5 Days	6+ Days	Average Delivery Days
1/1/2019*	16.83%	24.25%	50.46%	6.23%	1.38%	0.85%	2.56
4/1/2019	17.96%	26.74%	48.82%	4.83%	0.95%	0.70%	2.48
7/1/2019	16.79%	28.42%	49.46%	3.87%	0.84%	0.61%	2.47
10/1/2019	16.25%	24.68%	48.96%	7.33%	1.74%	1.05%	2.59
1/1/2020	17.91%	22.61%	50.96%	6.18%	1.40%	0.93%	2.56
4/1/2020	17.54%	25.79%	47.29%	6.63%	1.68%	1.08%	2.55
7/1/2020	16.42%	20.35%	47.66%	10.83%	2.79%	1.95%	2.72
10/1/2020	14.68%	18.56%	41.70%	14.32%	5.24%	5.50%	3.05
1/1/2021	15.47%	18.07%	38.82%	14.08%	5.23%	8.33%	3.25

b. i. Remittance volume currently being delivered more quickly than the service standard will be impacted to a greater extent than the proposed downgrades in the charts in subpart (b) of the interrogatory.

ii. Remittance volume being downgraded is depicted in the charts referenced in subpart (b) of the interrogatory. This analysis does not project proposed days to deliver.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 1. Please refer to USPS-T-1 at 7. Please confirm that the table at the bottom of page 7 "list[ing] the Postal Service's Percent-On-Time performance for Presort First-Class Mail from 2012 through 2020" references Presorted First-Class Mail service performance results for both letter- and flat-shaped mailpieces.

RESPONSE:

Confirmed

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 2. Please refer to USPS-T-1 at 8. Please confirm that the table "list[ing] the Postal Service's Percent-On-Time performance for Periodicals from 2012 through the fourth quarter of 2020" references Periodicals mail for both end-to-end and destination entry Periodicals mail.

RESPONSE:

Confirmed

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 3. Please compare and contrast the process used to develop the initial service standards for First-Class Mail products with the process used to determine the proposed service standards.

RESPONSE:

The current service standards were derived around the expanded operating window at the Processing and Distribution Centers. Service standards are based on the ability to ability to dispatch volumes from an origin and arrive at destination by the Critical Entry Time (CET). The Critical Entry Time (CET) for FCM was selected nationally to support the standardized expanded operating window, which called for processing incoming primary volumes between 0800 and 1200. The planned Clearance Time for Outgoing Secondary operations at the origin is 0030. The assumption was that 90 minutes for manual processing and dispatch would allow dispatching as early as 0200. The planned departure from origin at 0200 and arrival prior to 0800 determined the 6-hour reach for 2-day volume. All Origin and Destination pairs beyond 6-hours were assigned a 3-day service standard, since they would not be able to depart from origin and arrive at destination by the CET.

The proposed service standards were based on improving capability to transport more volumes on surface coast to coast. Similar to the logic used to determine the current service standards, drive times from origin to destination were considered along with CTs and CETs. Additional time for routing and transferring volumes via hubs or Surface Transfer Centers (STCs) was included, with the understanding volumes would need to be massed and/or picked/dropped at multiple locations for efficiency. The 3-hour reach for 2-day pairs was determined to support an initiative to hub 2-day volumes within a 3-

hour radius of 2-day pairs and reduce transportation costs. A 20-hour reach for 3-day volume supports a later dispatch from origin to facilitate pairing with package volumes and pair with dispatches from other origins. It allows up to eight hours for routing and transfer of volumes through an STC. The 41-hour reach for 4-day adds an additional three hours for additional transfers and to help mitigate service impacts from transit delays.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 4. Please compare and contrast the process used to develop the initial service standards for Periodicals with the process used to determine the proposed service standards.

RESPONSE:

The proposed End-to-End service standards for Periodicals follows the same methodology for determining the current service standards. It is based on requiring at least 1-day more than the FCM service standards. Origin entered Periodicals are entered on day-0, receive a bundle, sack, or tray sort early day-1. Origin Mixed (OMX) bundles and trays separated from the sort operation early day-1 are then flowed to the day-0 Outgoing FCM sort operations. Outgoing volumes from MXD containers, bundle, sacks, trays that do not align with the FCM surface network are routed via the surface Network Distribution Center (NDC) network. Service standards for these pairs account for the one day needed at origin, and transit time between NDCs.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 5. Please refer to USPS-T-1 at 11 n.8. The Postal Service states it "expect[s] to set service performance targets at 95 percent once the new service standards are in place, and . . . expect[s] to meet or exceed them consistently upon implementation . . . ."

a. Did the Postal Service prepare a study or impact analysis that confirms it will meet or exceed a service performance target of 95 percent on-time?
b. Please compare and contrast the process used to develop the initial service performance targets for First-Class Mail with the process used to determine the expected target of 95 percent on-time.
c. Please describe the steps the Postal Service will take to ensure these new targets will be met or exceeded.

RESPONSE:

a. Actual days to deliver in the current network was reviewed to determine the target of 95% on-time.

b. In prior years, legacy service performance targets were maintained unless the performance demonstrated capability of surpassing the target. Each year, the service performance for each category was compiled at the District and Area-level to determine the median performance. If the median performance surpassed the target, the target was increased by 0.01 points. If the median performance was not at target, the target remained the same. Proposed changes to the targets were presented to the ELT for approval.

c. The Postal Service will monitor service performance. The added transit time window will improve capability at origin to dispatch all volumes on designated transportation and arrive at destination prior to the CET. This will reduce extra transportation running to move volumes processed outside the operating plan window and allow the absorption of some transit delays.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 6. Please refer to USPS-T-1 at 15-17 pertaining to the Postal Service's proposed changes to service standards for First-Class Mail.

a. Please describe any current distance-related criteria, in addition to drive time.
b. Please describe any planned distance-related criteria, in addition to drive time.

RESPONSE:

a. Drive time is used to determine current service standards, determined by distance divided by 46.5 mph and adjusting for time zones between origin P&DC and destination SCF. 2-day service standards are applied to pairs 6-hours or less.

b. Drive time is used to determine the proposed service standards, determined by distance divided by 46.5 mph and adjusting for time zones between origin P&DC, destination Area Distribution Center (ADC) and destination SCF. 2-day service standards are applied to pairs 3-hours or less, 3-day to pairs 20-hours or less, 4-day to pairs 41-hours or less, and 5-day for pairs greater than 41-hours.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 7. Please refer to USPS-T-1 at 30. The Postal Service explains that a "reduction in air transportation will lead to an increase in the volume moved by surface transportation" and will eventually lead to a "decrease in miles traveled by surface transportation contractors."

a. Please describe and provide any studies, including scope, methodology, and results, that the Postal Service developed related to an eventual decrease in miles traveled by surface transportation contractors.
b. Please describe the steps the Postal Service will take to decrease miles traveled by surface transportation contractors.

RESPONSE:

a. The potential for significant reductions in mileage in the current surface network is based on the results of the modeling completed and described in Hagenstein's testimony USPS-T-3.

b. The Postal Service will review current surface lane utilization, identify and implement opportunities to increase utilization by eliminating direct trips with partial loads, and combining volumes to multiple destinations to make full loads for transfer via Surface Transfer Centers (STCs).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 8. Please refer to USPS-T-1 at 25. The Postal Service discusses the criteria used to determine whether the Postal Service utilizes air or surface transportation. Please provide a decision tree or flow chart that details this determination process.

RESPONSE:

1) For a particular origin / destination lane under evaluation, first determine if current surface transportation is capable of supporting a service responsive routing
    a. Must have space available to move the volume and
    b. Must be able to arrive at destination prior to CET at destination, the day before the expected day of delivery per the service standard.
2) If no current transportation exists for routing, design proposed transportation that supports a service responsive routing and estimate the cost of the added transportation.
    a. Cost estimate is determined in Service Change Request (SCR) system, or by calculating cost based on comparable contracts' rate per mile, distance, and frequency.
3) If no viable surface transportation solution can be designed based on time and distance constraints, the lane will be assigned to air transportation mode.
4) If a viable surface solution is determined, the surface cost is compared to an estimated cost to transport that volume on the air network.
    a. Determine volumes between the pairs (pieces, expected weight, and cu-ft equivalent).
    b. Determine cost to transport volume on air network based on the lowest cost carrier operating in that lane with available space.

c. Select the lowest cost transportation mode

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 9. Please refer to USPS-T-1 at 21. The Postal Service states that complexities exist "when the Postal Service must move both mail and packages on the same trip." Please provide a decision tree or flow chart that details this determination process. If this is not possible, please respond with a detailed example of when this process was used, how determinations were reached, and what specific metrics were used.

RESPONSE:

The complexities are based on two different products that must adhere to two different operating plans. To avoid having to create two separate under-utilized trips, the Postal Service attempts to combine products where possible. Letter and flat mail have to arrive by 1100 at destination the day before expected delivery while First-Class Packages must arrive by 2000. The origin operations do not necessarily clear at the same time, since letter and flat volume is declining and package volume is increasing, pushing the clearance time later.

- If letters and flats are capable of being routed via surface transportation, and the total volume justifies the trip, both mail and packages are typically dispatched on the same trip.
- If volume changes create the need for additional trips, alternative routings are review on existing transportation prior to adding new trips.
    - Packages have a greater transit window due to the later CET and may necessitate alternative routings to avoid adding trips. This may cause letter and flat volumes to dispatch on more direct transportation, while packages are routed via an STC on later transportation or via another site.
- If letters and flats are not capable of arriving at destination prior to CET, or requires more expensive surface transportation to arrive at destination prior to the CET vs. air transportation, the letters and flats are assigned to air.

- If the letters and flats are assigned to air and current trip is only needed to support the package routing, alternative routings are evaluated for the most cost-effective solution, which may include air.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 10. What percentage of prescription fulfillment and medical supply mail will be impacted by the proposed changes in service standards?

RESPONSE:

We do not expect an impact to prescription fulfillment and medical supply mail due to this proposal, since most of those products are shipped as packages.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Question 11. With regard to Origin Destination pairings within the mail network, please describe what methods were used to analyze the impact to those pairings with the greatest opportunities for increased efficiencies and service performance.

RESPONSE:

As described in Hagenstein's testimony (USPS-T-3), individual lanes requiring new surface transportation to support the shift from air were evaluated for cost effectiveness. We reviewed several specific origin destination pairs as case studies to compare current routings and schedules and potential benefit to the new transportation windows based on this proposal. Aside from the analysis listed above, we did not conduct a pair-by-pair analysis to identify the greatest opportunities for increased efficiencies and service performance.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

Question 3. Please refer to USPS-T-1 at 10, where you state "we expect to require fewer surface transportation trips over a given period than we currently require." Further, "we do not anticipate increased challenges with respect to driver shortages/availability or motor vehicle accidents." *Id.* at 10 n.7. Please also refer to Daniella Genovese, *Truck Driver Shortage Affecting Deliveries Nationwide*, April 13, 2021, Fox Business[1] that indicates the shortage is expected to grow in coming years, and will require approximately 1.1 million additional drivers over 10 years to keep up with demand. Please explain the basis for your belief, and provide any supporting material necessary, that the Postal Service will not face challenges with respect to driver shortages after the proposal is implemented.

RESPONSE:

The added transportation window will allow better utilization of the existing surface network. The Postal Service will have added flexibility to route volumes via STCs. The modeling indicates opportunity for significant transportation efficiency gains within the existing surface network that would offset the added transportation needed to shift air volumes to the surface network.

[1] Available at *https://www.foxbusiness.com/lifestyle/truck-drivers-shortage-2021* (accessed May 14, 2021).

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

Question 4. Please describe and provide results of any operational tests at the Postal Service performed (and whether those tests were conducted during peak season) used to demonstrate the Postal Service can meet its proposed standards.

RESPONSE:

No operational tests were performed to demonstrate the Postal Service can meet its proposed standards.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

Question 5. Please refer to USPS-T-1 at 10, where you describe Postal Service difficulties in using the air transportation due to weather delays.

a. Please explain the effect that weather delays may have on the surface transportation network, and how that might compare to the air transportation network.

b. Please provide any data or information the Postal Service has used to calculate the service impact of weather-related delays in the air or surface transportation networks. If no such data or information exist, please describe the process the Postal Service uses to identify the impact of weather delays on service performance, and respond to those impacts.

RESPONSE:

a. Weather delays can slow surface transportation and cause a significant delay if a driver runs out of hours, or misses a relay or transfer point. Air delays can similarly cause missed hub sorts and transfers. The main difference between the two is that air delays typically impact significantly more volume per trip, and there are less alternatives to route delayed air volumes. Drivers can mitigate surface delays by adjusting routes. Volume may not arrive at final destination on-time; however, there is a greater chance to mitigate failure.

b. We do not have specific data on weather related delays to compare impacts to air and surface networks. One case study of Winter Storm Viola, which occurred between February 15th and February 20th, 2021. This storm resulted in widespread snow and ice across much of the United States. Below is an example of service performance for First-Class Mail letter and flat volume during a 16-week period including the impact from

Winter Storm Viola. Over the 16-week period, surface volume had a higher on-time performance by 1.4% points versus air volume. During the 3-weeks impacted by the storm, surface volume outperformed air by 9.3% points.

FCM letters/cards/flats (3-5 day): 1/23/2021 - 5/14/2021				
	% On-time			
Surface:	80.0%			
Air:	78.6%			
Surface - Air:	1.4%			
Excluding Winter Storm impact (2/15/2021 - 3/5/2021):				
	% On-time			
Surface:	81.6%			
Air:	81.9%			
Surface - Air:	-0.3%			
During Winter Storm impact (2/15/2021 - 3/5/2021):				
	% On-time			
Surface:	72.4%			
Air:	63.2%			
Surface - Air:	9.3%			
Source: IV SPM Mail Processing Performance				

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

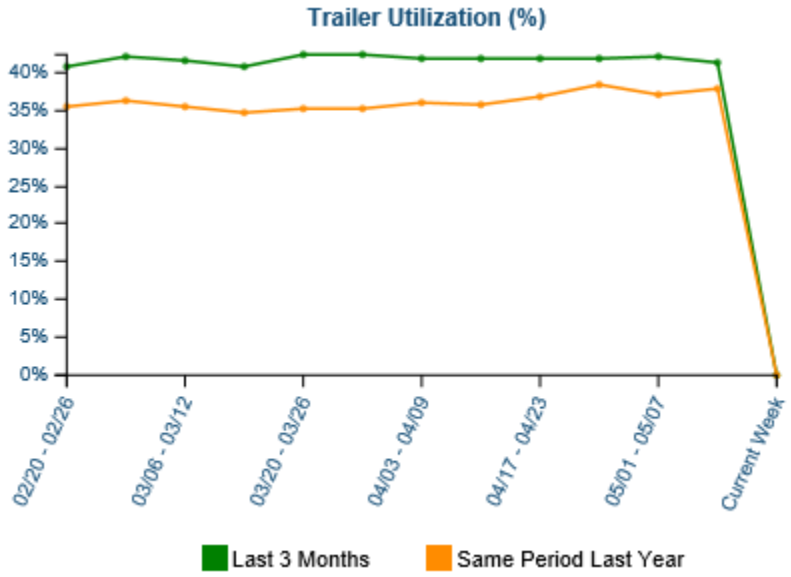
Question 6. Please refer to USPS-T-1 at 10, where you state, "…current average utilization of surface transportation capacity is 42 percent." Please explain how this number is calculated. Please confirm that this is the average capacity utilization for the first two quarters of FY 2021. If not confirmed, please explain what time period this number applies to.

a. Please provide a histogram of the distribution of the data used to calculate the 42 percent national average as well as key descriptive statistics including number of observations, median, mode, range, and standard deviation.

b. Please provide the average annual utilization of surface transportation from FY 2014 to FY 2020.

RESPONSE:

Not confirmed. The 42 percent utilization referenced in the testimony was the network plant-to-plant weekly HCR utilization pulled from Surface Visibility. It is based on the containers loaded or unloaded from a trailer compared to the maximum number of containers that can fit on a trailer (single layer).



RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

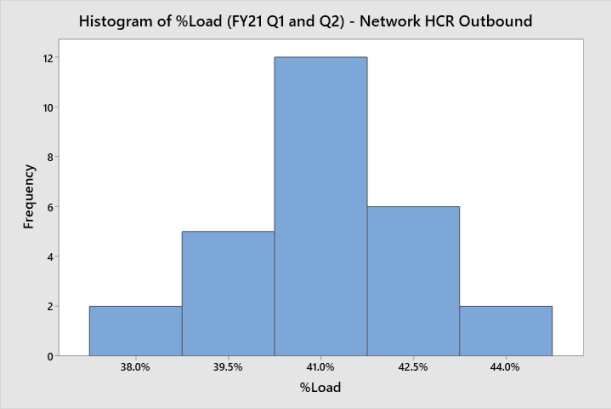
a. FY21 Q1 and Q2 (10/1/2020 – 3/31/2021): Trailer Utilization

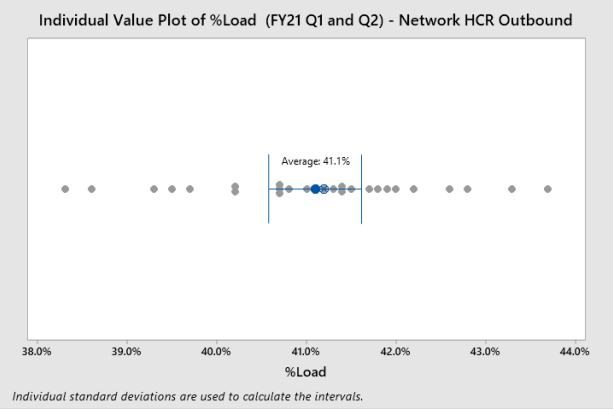
Statistics

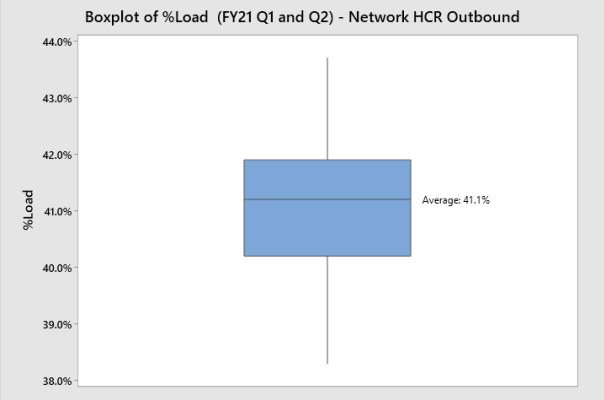
Variable	Total Count	Mean	StDev	Minimum	Q1	Median	Q3	Maximum	Range
%Load	27	0.41096	0.01311	0.38300	0.40200	0.41200	0.41900	0.43700	0.05400

Variable	Mode	N for Mode
%Load	0.407	3

- Number of observations: 27
- Average: 41.1%
- Median: 41.2%
- Mode: 40.7%
- Range: 5.4%
- Standard deviation: 0.01311







b. Please see the file that accompanies the filing of this response, named "Q6b - TRACS Utilization.xlsx" and submitted as library reference USPS-LR-N2021-1-16.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

Question 7. Please refer to USPS-T-1 at 29, where you state, "The network transportation changes discussed above would require some modifications to the Postal Service's mail processing operations. The Postal Service does not anticipate that the necessary mail processing changes, themselves, would materially affect cost or revenue."

a. Please provide a list of anticipated changes in mail processing operations anticipated at this time to be necessary as a result of this proposal.

b. Please provide an explanation of all analysis conducted, including any data analyzed, by the Postal Service that led to the conclusion, "The Postal Service does not anticipate that the necessary mail processing changes, themselves, would materially affect cost or revenue." If no formal analysis was conducted, please explain the basis for the statement.

RESPONSE:

a. Some mail processing changes anticipated to be impacted from this proposal are:

- Reduction in airline assignment operations (reduced scanning and sorting to air separations)
- Increase in tray sortation to surface lanes
- Shift in volume arrival and dispatch profiles

b. No formal analysis was completed on the expected impact to the workload in Mail Processing after consulting with Mail Processing and Logistics. After reviewing, it was determined that there would be no material impact to cost or revenue. Lanes shifting from air to surface will continue to be handled in a similar fashion, but in some cases, in a different operation. The volume will continue to dispatch from and arrive at the same facilities,

but with shifted times and on surface network trips versus trips from Airports and/or Terminal Handling Services.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

Question 8. Please refer to USPS-T-1 at 32, where you state "Because the Postal Service anticipates cost savings as a result of these changes, there will likely be fewer total expenses related to contracted transportation of mail." Please identify or provide all data and analyses used to support the evaluation of lower contracted transportation expenses as "likely."

RESPONSE:

The reductions in costs are based on the modeling results and expected reductions as described in Whiteman's testimony USPS-T-2 at 10 through 13. The results show opportunity for reduction in volume assigned to the air network, and overall reduction in surface transportation mileage and trips. This would result in lower contracted transportation expenses.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

Question 1. Please refer to Library Reference USPS-LR-N2021-1/14, May 18, 2021, Excel file "POIR Drive Time Request.xlsx" tab "SPFC Letters and Cards."

a. Please confirm that in FY 2020, for First-Class Single-Piece Letters and Cards with a service standard of 2 days and a drive time of within 6 hours, 86 percent were delivered within 2 days and 96 percent were delivered within 3 days (row 10). If not confirmed, please explain. Please also confirm that, with the proposed standards, this mail would be subject to a 3 day service standard and thus 96 percent would have been considered delivered on time.

b. Please confirm that in FY 2020, for First-Class Single-Piece Letters and Cards with a service standard of 3 days and a drive time of within 20 hours, 82 percent were delivered within 3 days and 94 percent were delivered within 4 days (row 15). If not confirmed, please explain. Please also confirm that, with the proposed standards, this mail would be subject to a 4 day service standard and thus 94 percent would have been considered delivered on time.

c. Please confirm that in FY 2020, for First-Class Single-Piece Letters and Cards with a service standard of 4 days and a drive time of within 41 hours, 71 percent were delivered within 4 days and 83 percent were delivered within 5 days (row 20). If not confirmed, please explain. Please also confirm that, with the proposed standards, this mail would be subject to a 5 day service standard and thus 83 percent would have been considered delivered on time.

RESPONSE:

a. Confirmed, 86.2% was delivered in 2-days, 95.6% delivered in 3-days, and under the proposed service standards, this mail would be subject to a 3-day service standard.

b. Partially confirmed, 82.4% was delivered in 3-days, 94.3% delivered in 4-days. Under the proposed service standards, this mail would be subject to a 3-day service standard.

c. Not confirmed. The Postal Service does not currently have 4-day in the contiguous U.S. The "POIR Drive Time Request.xlsx" data file is a rollup of volumes by service standard determined by the origin processing site and destination ZIP code. Some mail volume is missorted and missent and receive

processing scans in unexpected locations. The groupings of the volume in the file were determined by the last processing scan and not the expected delivery location. The volume identified as 4-day and 5-day in the file would not have a valid drive time from the contiguous U.S.

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

Question 2. Please provide an estimate of how much the FY 2020 Service Performance Results for each First-Class and Periodicals product, by service standard, would have increased if the proposed standards had been in effect in FY 2020. Please discuss whether the information provided in Library Reference USPS-LR-N2021- 1/14 is useful for the purpose of generating this estimate.

RESPONSE:

The days to deliver analysis is useful for the purpose of generating an estimate of

expected service performance.

Product	SSD	On-time	Total	% on-time
SPFC Ltrs	2	6,994,303,081	7,543,181,151	92.7%
SPFC Ltrs	3	1,880,997,612	2,159,976,342	87.1%
SPFC Ltrs	4	860,104,207	931,674,543	92.3%
SPFC Ltrs	5	461,244,046	476,485,378	96.8%
SPFC Ltrs	**Overall**	**10,196,648,946**	**11,111,317,414**	**91.77%**
PFCM Ltrs	1	2,162,808,805	2,272,544,093	95.2%
PFCM Ltrs	2	2,353,555,330	2,513,207,268	93.6%
PFCM Ltrs	3	8,574,131,608	9,241,349,009	92.8%
PFCM Ltrs	4	5,696,480,695	5,906,444,839	96.4%
PFCM Ltrs	5	2,964,712,984	3,015,109,373	98.3%
PFCM Ltrs	**Overall**	**19,588,880,617**	**20,676,110,489**	**94.74%**
FCM Flats	1	14,625,625	18,204,760	80.3%
FCM Flats	2	281,875,795	355,123,473	79.4%
FCM Flats	3	184,937,562	240,967,075	76.7%
FCM Flats	4	115,256,776	133,970,908	86.0%
FCM Flats	5	66,490,345	71,207,157	93.4%
FCM Flats	**Overall**	**648,560,478**	**801,268,613**	**80.94%**
FCM	**TOTAL**	**30,434,090,041**	**32,588,696,516**	**93.39%**

Product	SSD	On-time	Total	% on-time
PER	1	1,196,542,509	1,440,542,044	83.1%
PER	2	50,843,419	58,561,770	86.8%
PER	4	184,980,815	202,380,399	91.4%
PER	5	115,291,943	139,514,067	82.6%
PER	**Overall**	**351,116,177**	**400,456,236**	**87.68%**

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

Question 3. Please discuss whether the days-to-delivery and drive time service performance results were used to identify that largest opportunities for service performance improvement and support the proposed changes.

RESPONSE:

Days-to-deliver was reviewed, without the drive time, to help identify opportunities for service performance improvement.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON (REDIRECTED FROM WITNESS MONTEITH) TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

Question 25. Response to POIR No. 1, question 29.a., states "[w]e provided the 18 percent input to witness Thress to be applied to both First-Class Mail and Periodicals volumes because the end-to-end Periodicals volume impacted by the proposed service standard change traverses our network along with First-Class Mail volume and for the sake of simplicity." Response to POIR No. 1, question 30 states, "[w]e have some volumes that go through our NDC network, and the timeline for those can range from 6 to 9 days."

a. Please confirm that those end-to-end periodical volumes which go into the NDC network do not traverse the network along with FCM volume." If not confirmed, please explain.
b. Please provide the percentage of end-to-end Periodical mail volume which traverses the FCM mail network and the percentage of end-to-end Periodical mail volume which traverses the NDC network. If explicit percentages are not available, please discuss their relative frequency of use by the Postal Service.
c. Please confirm that there are no other shipping pathways for end-to-end periodicals besides those two mentioned above (traversing the FCM network and entering the NDC network). If not confirmed, please discuss the other pathways and when and how often they are used.

RESPONSE:

a. Confirmed. Periodical volumes which go into the NDC network do not transverse the network with FCM volume.

b. An estimated 37 percent of end-to-end periodicals are transported on the FCM network. An estimated 6 percent of end-to-end periodicals transverse the NDC network. An estimated 57 percent of end-to-end periodicals are local turnaround. This volume either remains in the processing facilities' service areas, or remains within the intra-NDC service area.

c. For the contiguous U.S., no other shipping pathways are normally used for end-to-end periodicals, however, some leakage into the air network is expected.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PUBLIC REPRESENTATIVE'S INTERROGATORIES

PR/USPS-T1-1: Please refer to page 10, lines 7-10 and 13-15, of witness Cintron's testimony. Witness Cintron states that "current average utilization of surface transportation capacity is 42 percent" and that "the surface transportation network has ample existing capacity to absorb volume from air transportation[.]" Witness Cintron further states that "through improved surface transportation capacity utilization and consolidation, we expect to require fewer surface transportation trips over a given period than we currently require."

a. Please provide documentation on the average utilization of surface transportation capacity for Fiscal Year (FY) 2020, FY 2019, FY 2018, FY 2017, and FY 2016.
b. Please discuss any previous initiatives that the Postal Service has pursued to optimize capacity utilization of its surface transportation network and the impacts of and obstacles encountered with regard to those initiatives.
c. Please explain why, or why not, these obstacles will limit the Postal Service's attempts to optimize the surface transportation network in connection with the proposed service changes.
d. Please explain the degree to which the current surface transportation utilization rate is a function of the current service standards.

RESPONSE:

a. Please see: "1a - TRACS Floor Space Util Trend.xlsx" submitted as USPS-LR-N2021-1-22.

b. The Postal Service pursued a prior initiative to hub 2-day mail to improve trip utilization and reduce trips and mileage. A reduction in trips, dock and yard activities, and mileage was realized by identifying a centralized transfer point within 3 hours' transit time of at least three 2-day pairs. The obstacles encountered included not having enough time to transfer and arrive prior to critical entry time at destination, not being able to eliminate trips that were needed for other purposes, and finding acceptable hub locations that could handle the transfers.

   Another initiative is the Surface Optimization initiative, where a team of analysts reviews lanes with multiple trips and evaluates opportunities to reduce the number of trips based on improving utilization while continuing to meet service obligations.

Utilization in the redundant lanes has increased from 40% in FY20 to 43% so far during FY21 YTD. The primary obstacles encountered in this initiative are that the scope is limited to lanes with multiple trips, as other lanes with single trips are driven by constrained service standard commitments. Other minor obstacles include that missing scan data sometimes under-reports utilization, and some trips are utilized for moving collection mail volumes or volumes for delivery between facilities and have time constraints that necessitate maintaining trips at particular times.

c. As described in (b), the biggest constraint to reducing trips and improving utilization is based on the limited transit windows from origin to destination. The proposed service standard change will extend the transit window and open additional opportunities for consolidating and transferring volumes via hubs, or through multi-stop trips. Workload constraints at some of the hubs may limit opportunity until such point that the STCs are evaluated and adjusted.

d. The requirement to run scheduled transportation to achieve service standard commitments, regardless of volumes, is the primary factor in low trip utilization. The baseline transportation optimization model using current service standards outputs 4,073 daily trips with a mileage of 2,139,302, and 66% trip utilization. The optimized surface routing model under the proposed service standards produced 3,566 trips with a daily mileage of 1,805,069, and 74% trip utilization. The number of trips decreased 12% and utilization increased 12%.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PUBLIC REPRESENTATIVE'S INTERROGATORIES

PR/USPS-T1-2: Given the nature and scope of this request, please confirm that the Postal Service conducted operational or pilot testing of the proposed service standard changes.

a. If confirmed, please explain in detail the nature and extent of the Postal Service's testing, including, but not limited to, dates, scope, and results of any testing.
b. If not confirmed, please explain whether the Postal Service considered such testing and any reason(s) why testing was considered unnecessary or otherwise not pursued.

RESPONSE:

a. The Postal Service did not test the proposed service standards.

b. The Postal Service did not consider operational testing necessary. Current service standards are based on time and distance; therefore, the concept is well established. Analysis was completed to determine potential impact of the proposed service standards based on transit time. The Postal Service regularly implements air to surface transportation and implements surface transportation changes, as needed.

MAY 27, 2021 REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PUBLIC REPRESENTATIVE'S INTERROGATORY PR/USPS-T1-3

PR/USPS-T1-3: Please refer to page 30, lines 18-20, of witness Cintron's testimony. Witness Cintron's testimony states that the Postal Service "has carefully considered impacts of the proposed changes to relevant stakeholders and measures to mitigate those impacts."

a. Please explain how the Postal Service has evaluated the impact of presort mailers who may opt to dropship their mailpieces further downstream to avoid service disruption so that their customers can get their mail in time.

b. Please confirm whether the Postal Service has considered a dropship discount. If confirmed, please provide:
    i. An estimated discount;
    ii. An explanation of how it was derived;
    iii. And any potential cost/revenue impacts.

c. Please refer to question 1, above. Please confirm that the Postal Service has considered that dropship mailers may change their mailing patterns in response to the proposed change and how that might result in surface transportation continuing to be underutilized.
    i. If confirmed, please explain any additional measures in consideration to ameliorate underutilization.
    ii. If not confirmed, please explain why the Postal Service does not believe these behaviors are likely to change, or why these behaviors are unlikely to affect utilization of the surface transportation network.

RESPONSE:

a. The Postal Service considered the impact to customers as outlined in Cintron's testimony (USPS-T-1) at 30 and 31.

b. [WITHDRAWN]

c. The service standard proposal does not impact dropship service standards. It is understood that mailers may change mailing patterns in response to the proposal.

    i. Monitoring lane utilization will continue, and under-utilized transportation will be adjusted and eliminated where possible to improve efficiencies.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO PUBLIC REPRESENTATIVE'S INTERROGATORIES

PR/USPS-T1-4: Please refer to pages 22-23, lines 14 and 1, of witness Cintron's testimony. Witness Cintron states that "[i]n very isolated cases, mail is also transported by barge, hovercraft, snowcat, rail, and mule."

a. Has the Postal Service considered rail transportation as an alternative mode of surface transportation? If not, please explain why not.
b. What efforts has the Postal Service made to evaluate the strategic advantages of utilizing rail transportation as a component of its surface transportation network?

RESPONSE:

a. The Postal Service has considered rail transportation and will continue to explore opportunities to expand use of rail where feasible and where cost effective.

b. The Postal Service meets regularly with major rail companies to evaluate current and potential future opportunities. Postal analysis has included service standard adjustment scenarios to evaluate how flexing service standards can increase potential use of rail lanes. The Postal Service currently employs rail to move volumes between NDCs as part of a pilot, and rail was leveraged to move packages between heavy markets from November through January. From January through February, additional rail lanes were implemented originating from New Jersey to several NDCs to move delayed volumes for the NDC network.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO STEVE HUTKINS' INTERROGATORIES

SH/USPS-T1-1: Please refer to your testimony, p. 35, lines 4-11, where you state the following:

> At the same time, its standards should also be aligned to improve predictability and reliability, by considering the Postal Service's operational capabilities. Data on service performance from recent years confirms that the standards currently in place have not aligned closely with actual performance. With the changes proposed in transportation that are enabled by these changes, the Postal Service will be able to significantly improve its service reliability. As noted above, we expect to set service performance targets at 95 percent once the new service standards are in place, and we expect to meet or exceed those standards on a consistent basis.

Please confirm that based on this statement it would be reasonable to conclude that one of the goals of the proposed change in standards is to achieve performance scores that are "predictable," "reliable," and "consistent," and that reaching a target score of 95 percent would be an indication that such a goal has been achieved. If not confirmed, please explain.

RESPONSE:

Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO STEVE HUTKINS' INTERROGATORIES

SH/USPS-T1-2: Please refer to the following table, which shows service performance for First Class mail during the six quarters prior to April 2020, i.e., before the effects of the pandemic could be expected to have impacted performance.[1]

On-Time Service Performance, First Class Mail, FY19 and FY20 Q1-Q2, with variance scores

		Overnight				Two-Day				Three-To-Five-Day			
		Percent on time	Percent Within +1-Day	Percent Within +2-Days	Percent Within +3-Days	Percent on time	Percent Within +1-Day	Percent Within +2-Days	Percent Within +3-Days	Percent on time	Percent Within +1-Day	Percent Within +2-Days	Percent Within +3-Days
FY19	Pre-Sort	95.7	98.5	99.2	99.4	94.3	98	99	99.4	92.1	97.4	98.8	99.3
FY19	Single Piece	N/A	N/A	N/A	N/A	92.5	97.3	98.5	99.1	81.4	93.9	97.2	98.4
FY20 Q1-2	Pre-Sort	95.4	98.3	99	99.4	94.2	98	99	99.4	92.1	97.5	98.8	99.3
FY20 Q1-2	Single Piece	N/A	N/A	N/A	N/A	92.9	97.4	98.6	99.1	81.1	94.1	97.3	98.5

Please confirm that for pre-sort mail all scores for "percent within +1 day" are 98 percent or greater, that for single-piece 2-day mail all scores for "percent within +1 day" are greater than 97 percent for 2-day mail, and that for single-piece 3-5 day mail, all scores for "percent within +2 day" are greater than 98 percent.

RESPONSE:

Not confirmed.

[1] This table draws from the quarterly performance reports for single-piece and pre-sort First Class mail for FY19 Q4 (submitted Nov. 12, 2019) and for FY20 Q2 (submitted May 11, 2020), each of which shows year-to-date data.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO STEVE HUTKINS' INTERROGATORIES

SH/USPS-T1-3: Please discuss why and/or how the scores in this table (SH/USPS-T-1-2) do not represent service that is "predictable," "reliable," and "consistent," and why mailers, who have ready access to these performance reports on the PRC website, would not be able to predict, with a reasonable level of certainty, what percentage of their mail will be delivered within a day or two of the expected day of delivery.

RESPONSE:

The service standards are designed to set customer expectations. Based on the scores in the table referenced in SH/USPS-T1-2, it is clear the Postal Service is not meeting the current service standards at a 95% on-time performance, with the exception of Overnight Pre-Sort. This table would allow mailers to assess expected performance outcomes against the service standards; however, service performance tables are not expected to be used in place of service standards.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO STEVE HUTKINS' INTERROGATORIES

SH/USPS-T1-4: Please refer to Library Reference USPS-LR-N2021-1-9, Excel sheet "LR-N2021-1-9.xlsx" (May 17, 2021), which shows that the current average delivery days is 2.5693 days and under the proposed changes to service standards it will increase 18.74 percent to 3.008 days. Please also refer to the following table, which shows on-time and variance scores for FY19 and FY20 Q1-2, compared with what the Postal Service hopes to achieve under the proposal, i.e., a target of 95 percent on time.

Service performance scores in FY19-FY20 Q1-2 and projected targets under proposed standards								
FY19-FY20 Q1-2		2-Day		3-5-Day				
		Percent on time	Percent Within +1-Day	Percent on time	Percent Within +1-Day	Percent on time	Percent Within +1-Day	Percent Within +2-Days
Days Since Entered		Day 2	Day 3	Day 3	Day 4	Day 3	Day 4	Day 5
FY19	Pre-Sort	94.3	98	92.1	97.4	92.1	97.4	98.8
FY19	Single Piece	92.5	97.3	81.4	93.9	81.4	93.9	97.2
FY20 Q1-2	Pre-Sort	94.2	98	92.1	97.5	92.1	97.5	98.8
FY20 Q1-2	Single Piece	92.9	97.4	81.1	94.1	81.1	94.1	97.3
Under Proposed Standards		2-Day Shifting to 3-Day		3-Day Shifting to 4-Day		3-Day Shifting to 5-Day		
		Percent Within -1-Day	Percent on time	Percent Within -1-Day	Percent on time	Percent Within -2-Day	Percent Within -1-Day	Percent on time
Days Since Entered		Day 2	Day 3	Day 3	Day 4	Day 3	Day 4	Day 5
Projected (Composite, Pre-sort and Single Piece)		N/A	95	N/A	95	N/A	N/A	95

Please discuss why mailers and recipients should prefer a longer average delivery time and the performance targets for the proposed service standards over these actual scores, which show, in almost each case, a larger percentage of the mail being delivered by the same day since entered.

RESPONSE:

The proposal better aligns expectations, set by the service standard, to the capability of the system, while also allowing the system to become more efficient. This table shows the Postal Service is not meeting the current service standards at a 95% on-time performance. The other components to consider are the expected financial benefits for the organization and alignment with the 10-year plan that is designed to sustain the viability of the Postal Service.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO STEVE HUTKINS' INTERROGATORIES

SH/USPS-T1-5: Please refer to witness Hagenstein's testimony, N2021-1 USPS-T-3, p. 25, lines 7-10, where he states that "the number of 3-digit OD Pairs that utilize air transportation is expected to decrease from 354,705 to 277,932." Please also refer to his testimony page 21, lines 1-3, where he indicates that 315,051 pairs will be downgraded from a 3-day standard to 4-day and 141,253 will be downgraded to a 5-day standard. Please explain in detail why the Postal Service plans to downgrade nearly 380,000 pairs from 3-day to 4 and 5-day when the approved mode of transportation for these pairs will remain air.

RESPONSE:

The service standards rules will be set based on drive time, not the transportation mode assigned to a particular lane. The expectation to the public should be that the longer the distance the mail piece has to travel, the longer the service standard. The Postal Service can, and will, change modes between lanes, as needed. Service standards based on mode would not provide consistent service standards to the public. Setting a service standard by the transportation mode would likely result in low volume areas that would not justify surface transportation receiving a different service standard compared to higher-volume population centers. Setting standards based on current decisions around the appropriate mode for a lane could also lock in that particular mode for that particular lane, and prevent the Postal Service from adjusting to changing circumstances

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO STEVE HUTKINS' INTERROGATORIES

SH/USPS-T1-6: Please refer to your testimony, p. 28, lines 18-22, where you state, "Finally, after extending service standards by one or two days within the contiguous United States, the Postal Service will establish an expanded surface network for First-Class letters and flats, capable of reaching coast to coast." Please confirm that this statement, along with the fact that the proposed service standards are based largely on drive-times between facilities, indicates that the Postal Service plans to eventually shift all, or nearly all, First Class mail within the contiguous United States to surface transportation, including mail going coast-to-coast. If not confirmed, please explain what the statement means.

RESPONSE:

Not confirmed. The Postal Service will maximize the lowest-cost transportation solutions that can also achieve consistency of performance with service standards. Origin and destination lanes, evaluated as being capable of being serviced within the proposed service standards by surface transportation at a lower cost than air transportation, will be transported by surface.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CINTRON TO STEVE HUTKINS' INTERROGATORIES

SH/USPS-T1-7: Please discuss why the plan presented to the Commission shows only a relatively small portion (about 20 percent) of the 385,009 OD pairs currently approved for air transport being shifted from air to surface and what the Postal Service's has planned with respect to transitioning the remaining pairs from air to surface, including the plan's phases, time frames, and number of pairs per phase.

RESPONSE:

The modeled change from air to surface modes was determined based on cost. As the distance increases, greater volume is required between the pairs to justify shifting from air to surface. As described in the 10-year plan, the Postal Service is planning on transforming Network Distribution Centers (NDCs) to Regional Distribution Centers (RDCs) to handle increased package demand. NDCs will be dedicated to package processing and all other products will shift out of the NDC to P&DCs and STCs. For this to occur, a surface network must transition from NDC to NDC to P&DC to P&DC (via STC) to support the volumes currently transported between the NDCs. Once the coast to coast surface network is established, there will be additional opportunity to shift air OD pairs and volume from air to surface.